

HC  
165  
C56

UC-NRLF



\$C 14 786





THE LIBRARY  
OF  
THE UNIVERSITY  
OF CALIFORNIA

PRESENTED BY  
PROF. CHARLES A. KOFOID AND  
MRS. PRUDENCE W. KOFOID











# South America

New Light on its People, Customs, Business  
and Trade Opportunities for U.S. Manufacturers

by

JAMES H. COLLINS

Trade Analyst and Explorer



*Published by*

BUSINESS NEWS SECTION  
PUBLIC  LEDGER

PHILADELPHIA



# To Readers

AS A MEMBER of the American Section of the southern republics, the way to the method of pro

OF WIDE success make clear to essential requirements of South America able to impart Public Ledger merchant.



tion for a definite the Business News es H. Collins to the dge of how to find ver the most direct

oe in experience of the ideal agent to United States the and profit in the re faculty of being ned. Indeed, as the s of the American

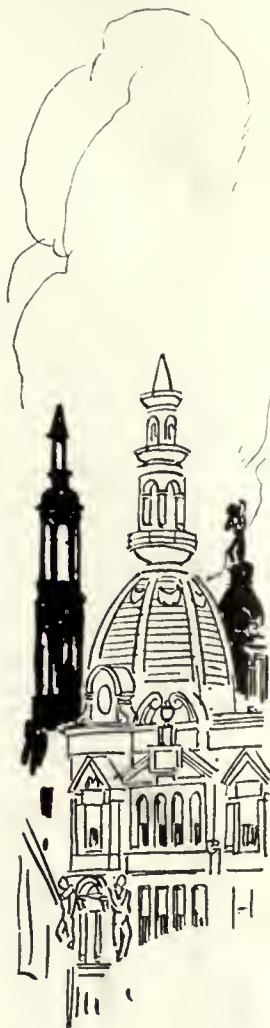
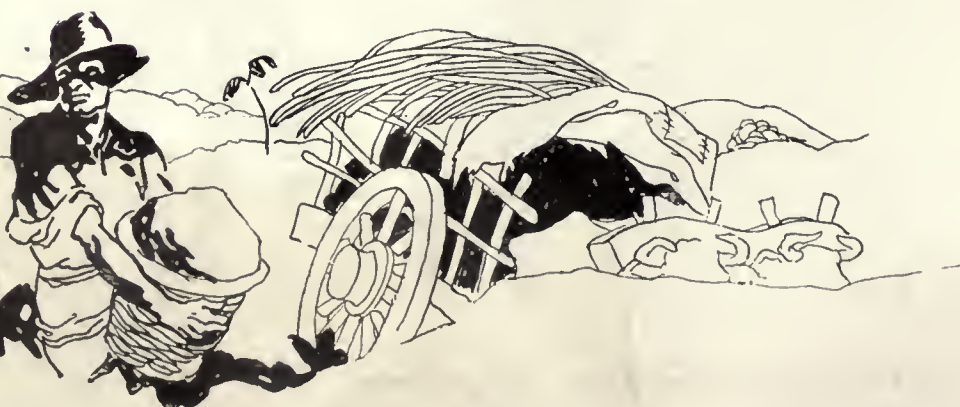
LEAVING the United States on June 21, 1919, Mr. Collins spent months at his task, thoroughly covering the trade centers of Argentina, Brazil, Chile, Uruguay, Paraguay and Peru. In touring these countries he came in intimate touch with statesmen, bankers, brokers and importers, manufacturers, shippers, warehousemen and steamship and railroad managers. He asked searching questions and elicited frank answers. He made particular study of the methods by which Great Britain and Germany built up their exports. Of vital concern to him was a critical review of the errors, handicaps, blunders and experiences that have been pitfalls for the American exporter. He also obtained an intimate light on the social life and customs of the South Americans.

COMMENCING with the issue of September 15, 1919, letters giving an illuminating and exhaustive review of Latin-American conditions were printed in the Business News Section of the Public Ledger thrice weekly. The demand from all sections, including South America, for copies of the Public Ledger containing the Collins articles became so great that it was decided to reprint them in convenient form. The articles, therefore, are here reprinted and descriptively illustrated with numerous new, interesting and instructive photographs obtained by Mr. Collins on the spot.

BUSINESS NEWS SECTION

PUBLIC  LEDGER

PHILADELPHIA





HC 165  
C 56

# CONTENTS

## ARGENTINA

Article	Subject	Page
I	Shipping Delays Hamper Trade	1
II	Manufacturers Send New Type of Representative	3
III	U. S. Business Agents Soon Feel at Home	5
IV	Buenos Aires Big Field for U. S. Men's Clothing	7
V	Leading Newspaper Uses Yankee Methods	9
VI	High Cost of Living Hits Buenos Aires	11
VII	U. S. Packers Urge Modern Methods	12
VIII	American Automobiles Supplanting British	14
IX	Consult Wife, Then Send Man to Latin America	16
X	South America Gets U. S. Capital via Europe	17
XI	American Trade Menaced by German Competition	20
XII	Propaganda Against U. S. Goods Is Mere Gossip	21
XIII	Philadelphia Firm Gets Early Start	23
XIV	Argentina Has Many National Heroes	25
XV	What Can Americans Do to Aid Argentina?	27
XVI	Customs Regulations Replete With Delays	28
XVII	Old Customs Rule in Buenos Aires Stores	30
LII	Latin America Shivers With Fuel Undeveloped	31
LIII	Buenos Aires Has Need for U. S. Type of Buildings	33
LIV	Lack of Vision Retards U. S.-Latin American Trade	34
LV	Advertising of Yankees Appeals to the Argentino	36
LVI	Antiquated Retail Style Invites Yankee Invasion	38
LVII	Argentine Methods Differ From Ours in Many Respects	39
LVIII	Self-Advertisement Here Would Benefit Argentina	41
LIX	Commerce Chamber Big Aid to Trade in Argentina	43
LX	Big U. S. Bank Will Get You a Haircut in Argentina	45

## BRAZIL

XVIII	Check Plan Not in Vogue Except in Movies	47
XIX	Attorneys Eager for U. S. Law Books	49
XX	Language of Brazil is Portuguese	50
XXI	U. S. Credentials Needed in Trading	52
XXII	No Anti-U. S. Feeling Among Best Citizens	54
XXIII	U. S. Needs Good Shipping Agents at Foreign Ports	55
XXIV	Conformity to Brazil's Tariff a Trade Necessity	57
XXV	Bad Packing May Cost U. S. Big Trade Gain	59
XXVI	Law and Family Large Factors in Business	61
XXVII	Modern Railroads Needed to Develop Brazil's Resources	62
XXVIII	Bond Investments Will Aid Trade With Latin America	64
XXIX	Brazil One End of Blind Alley for U. S. Ship Lines	65
XXX	U. S. Salesmen, Shy on Detail, Fail in South America	67
XXXI	"Coal" Is Keyword to Latin-American Trade	68
XXXII	American Bank Methods Win Firm Hold in Brazil	70
XXXIII	Sao Paulo Is Brazil's Bee Hive of Industry	71
XXXIV	Tennessee Woman Showed How to Win Out in Brazil	73
XXXV	Some Straight Business Tips Bearing on Brazil	74
XXXVI	American Methods Make "Ads" Pull in Brazil	76
XXXVII	Europe Loses Aircraft Field to U. S. Machines	78

(Continued on Next Page)



Article	Subject	Page
XXXVIII	<i>Brazil's 30-Year Steel Need Is \$3,500,000,000</i> - - - -	79
XXXIX	<i>Four Free Trading Ports Contemplated by Brazil</i> - - - -	81
XL	<i>Brazil's Great Forest Wealth a Handicap</i> - - - -	83
XLI	<i>Tax Greed Strangled Brazil Manganese Trade</i> - - - -	84
XLII	<i>Pensions and Payrolls Use 80 P. C. of Revenue</i> - - - -	85
XLIII	<i>Thefts From Shipments to Brazil Are Common</i> - - - -	88
XLIV	<i>Hampering World Trade Through the Income Tax</i> - - - -	89
XLV	<i>Groping for Business Is Error of Exporters</i> - - - -	91
XLVI	<i>Brazil an Aladdin's Lamp Giving Wealth for a Rub</i> - - - -	92
XLVII	<i>Sao Paulo Is Becoming a Chicago Counterpart</i> - - - -	94
XLVIII	<i>Speculative Kick Being Taken From Coffee Crop</i> - - - -	96
XLIX	<i>Brazil Keen for Honest News from U. S.</i> - - - -	98
L	<i>Brazilians Have Horror of Physical Violence</i> - - - -	99
LI	<i>New Cable Will Help U. S.-Latin-American Trade</i> - - - -	101

## URUGUAY and PARAGUAY

LXI	<i>Uruguay Is the Biggest Little Republic in South</i> - - - -	103
LXII	<i>Individualism Features Trading by Uruguayans</i> - - - -	105
LXIII	<i>Make Refrigerator Cars Swim to Latin America</i> - - - -	106
LXIV	<i>Uruguay Is Financially Strongest of Group</i> - - - -	109
LXV	<i>Uruguayans Were Quick to Grasp Rotary Spirit</i> - - - -	110
LXVI	<i>Canned Corned Beef a Neglected War Baby</i> - - - -	112
LXVII	<i>Uruguay's Big Men Rank Among Biggest</i> - - - -	113

## CHILE

LXVIII	<i>Fourth Capital City Has No U. S. Consul</i> - - - -	115
LXIX	<i>Chile Needs Yankees</i> - - - -	117
LXX	<i>Panama Canal Opens Way to Chile Trade</i> - - - -	119
LXXI	<i>Continental System of Rails Is Planned</i> - - - -	120
LXXII	<i>Banks Are on Wrong Foreign Trade Track</i> - - - -	121
LXXIII	<i>American Shippers Aid Clever Freight Thieves</i> - - - -	123
LXXIV	<i>Chile Has Her Dentistry Markets Cornered</i> - - - -	125
LXXV	<i>Motorbus Is Popular in Capital of Chile</i> - - - -	126
LXXVI	<i>Inquietude of the Peso a Handicap to Chile</i> - - - -	128
LXXVII	<i>Some Peculiarities and Needs of Chile</i> - - - -	129
LXXVIII	<i>Valparaiso, Important City, Three Streets Wide</i> - - - -	131
LXXIX	<i>Nitrate Trade Awaits Yankees or British</i> - - - -	132
LXXX	<i>Mail Service of the U. S. an Obstacle to Trade</i> - - - -	134
LXXXI	<i>Liberators of Chile From Far-Off Nations</i> - - - -	135
LXXXII	<i>Chile Is Bombarding Walls of Ignorance</i> - - - -	137

## PERU

LXXXIII	<i>Amusement Park Will Make Good in Peru</i> - - - -	139
LXXXIV	<i>Peru Jail Has Special Space for Ex-Presidents</i> - - - -	140
LXXXV	<i>Direct Buying Saved Five Profits for Mill</i> - - - -	142
LXXXVI	<i>Exchange Gambling Arm of Business in Peru</i> - - - -	144
LXXXVII	<i>Peru Has an Exhibit of Export Crookedness</i> - - - -	145
LXXXVIII	<i>Tractor Destined to Increase Peru's Wealth</i> - - - -	147
LXXXIX	<i>Teaching With Selling Latin America's Need</i> - - - -	150





# Argentina



## ARTICLE I

### SHIPPING DELAYS HAMPER TRADE

**I**N THE Roadstead, Rio Plata, off Buenos Aires, Aug. 15, 1919.—They say the present earning capacity of the British steamship *Vauban* is about \$7000 a day. Her crew of 300 cost at least \$1000 daily, and with 350 passengers, for whom a food allowance of six shillings is made, that item amounts to at least half the wages of the crew. Hold the *Vauban* up for an hour and it means a loss of perhaps \$100 costs, or \$300 earning capacity, at a reasonable estimate.

It must have cost the *Vauban* from \$500 to \$1500 to load passengers' trunks when the writer sailed on her for Buenos Aires June 21, and the process was worth watching in connection with the new trade which he hopes to hold and increase in Latin America. The ship docked in Brooklyn. The dock belongs

James H. Collins

to New York city. It is nothing more than a sheetiron shelter without a single mechanical appliance of any kind for handling baggage or cargo. The passengers' trunks were picked up in half dozens and swung into the air by the ship's own cranes and scrambled into her hold. It took several days of sorting at sea before baggage was found by owners.

"They always do it that way, sir," explained the steward. "They 'urry the luggage into the 'old and we must find it." Climbing over trunks in the hold of a ship looking for one's own baggage was the chief sport for several days and better exercise than shuffleboard or deck quoits. An automatic conveyor on the pier at Brooklyn, with proper sorting of baggage, should have loaded everything in an hour.

This was only the beginning of the log of the *Vauban*—a log rich with possibilities for making money through elimination of waste and delay. Coming from Liverpool early in June with a load of passengers, she had been scheduled to sail for Buenos Aires June 14. Slow methods of cargo loading delayed her until June 21, a little item of \$50,000 lost in earning capacity.

We started for Barbados, the first scheduled stop, and six days later docked instead at Castries, St. Lucia, one of the small British West Indian islands, where coal and water were to be taken. And here two more interesting factors in the world trade were disclosed.

#### THE "CAMBIO"

**F**IRST, the "cambio," which is Spanish for money exchange. Five different kinds of money are necessary on a voyage from New York to Buenos Aires—United States, British, Brazilian, Uruguayan and Argentinian. Every time an exchange is made one must pay from 2 to 10 per cent, and running a cambio





MODERN GRAIN ELEVATORS AND PIERS AT BUENOS AIRES

in Latin-American cities is a popular and lucrative business. St. Lucia introduced the cambio in novel form. It came out swimming when the steamship entered the harbor—several dozen negro divers who coaxed for coins and shot after them the moment they touched the water. Two hours later these same negroes held out a handful of American nickels and dimes to passengers sightseeing in Castries, asking for American paper money. Castries uses British currency. American paper passes at par, but not coins. As the local money lenders will pay only ten to fifteen cents for an American quarter, the alert negro divers, after gathering anywhere from \$2 to \$25 small change in the water, hurry ashore and ask passengers to turn into American bills the coins they have idly tossed over the side. Life is rather hard for a negro on a small West Indian island, but it develops his wits. He thoroughly works the occasional passenger ship touching there and dreams of the day when he can stow himself in the bunkers for New York, to become an elevator boy.

The other interesting thing at Castries was coaling the ship with baskets of fuel weighing upward of 100 pounds, carried on the heads of negro women. This is considered a quick, cheap method of coaling if you happen to have West Indian negroes or Oriental coolies willing to do the work at a cent a basket. But it is not a pleasant sight to Americans accustomed to seeing such things done by power, and it turned the writer's thought to our new fabricated ships with their crude-oil fuel, which is not adapted to the human head.

One poor little negro "Lizzie" fell into the coal bunkers in some way during the night. There was a rumor about her when the ship pulled out next morning, discredited at first, but only too

plainly confirmed a day later in the hot tropical swelter. Her body was not found until nearly three weeks later, when she was buried at sea, near the end of the voyage.

#### THE MONEY COST OF DELAYS

TEN hours of steaming, a quick transfer of mails at Barbados and eleven more days on top of that brought the ship to Rio de Janeiro. By contrast this was a modern port, with electric cranes along the docks which picked up cargoes and loaded directly into railroad cars. But the Vauban spent a couple of thousand dollars in earning capacity waiting at quarantine and carrying out other docking formalities, which, unquestionably, could be accelerated. At Montevideo, four days later, there was the same delay, and still a longer one at Buenos Aires two days later. Although the ship lay at quarantine before daylight, it was twelve hours later before she finally touched the docks. Two hours of this was necessary for steaming up the river, but the rest was sheer loafing at \$300 an hour while simple port facilities were gone through with. First came the doctors, to line up passengers and superficially feel pulses; then immigration officials, to scrawl initials on passports, and so on.

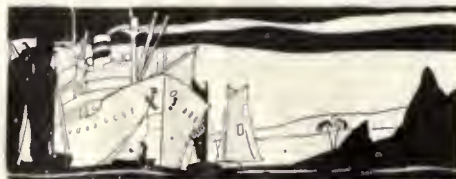
Living in Buenos Aires is very expensive, and no article of imported merchandise costs less than twice the New York retail price. To ascertain how much of the cost of a Bond street hat or

Schenectady electric iron is, due to the leisurely handling of ships by port officials, should be a very interesting study for the Buenos Aires consumer—the possibilities of making money through economies might dwarf the profits from the greater Argentine expectancies.

The whole voyage consumed exactly twenty-six days, and as the Vauban is one of the fastest mail-carrying ships between New York and Buenos Aires, that is the time of the United States mail between the two cities. The Vauban is scheduled to sail again for New York twelve days later, and with the Trans-Andean Railroad closed by snow, cutting off mail routes up the west coast of South America, a passenger of this ship, writing home when he arrived in Buenos Aires, probably would not be heard from in the United States until the beginning of September. In contrast with this, mails between Argentina and Europe go every few days by British, French, Italian and Dutch steamships. All United States mail to the east coast of South America is carried by comparatively slow foreign ships, excepting only two American liners on the west coast that take mail shipped over the Andes to Chile. These are wartime conditions, to be sure, but during years of peace the American business man attempting trade with Argentina and Brazil was handicapped by delays almost as grievous in transportation and communication.

#### NEW BOATS FOR SOUTH AMERICA

NEW British steamships are being built for this trade—faster boats between New York, Brazil and Argentina to accommodate the passenger travel that has developed almost magically with the war. These vessels may not be ready for months, but eventually they





will carry people and mails faster—and it is to be hoped with certain refinements of service. Perhaps a few plain suggestions to the British managers may be helpful in making their plans.

**First. Cooking.** The British were never cooks before the war, and five years of contact with the French did not teach them how to broil a steak or boil potatoes. Inferior cooking on British steamships running to Europe as well as America was a serious handicap before the war in competition with the French, Dutch, Italian, German and even the Spanish liners, which carried a veritable farmyard of animals to be slaughtered for the table, instead of frozen meats. The British have abundant and cheap food supplies in Argentina and make liberal provisions for passengers. If they will hire some cooks, it will help a lot in holding their future passenger traffic.

Laundry becomes a cardinal item during the three weeks' voyage at sea, with the tropics to melt shirts and collars. This ship had a laundry, to be sure, but nobody patronized it twice, because your shirt was washed in water that must have been something like the soup served in the salon, then simply rough-dried without starch, folded in the semblance of a laundered shirt and a flatiron superficially brought across the bosom to carry out the illusion. At twenty-five cents per shirt such laundry work was frankly petty larceny, and it might as well be said bluntly.

Then baggage should be handled on something approximating the American checking system. There are decided advantages in the British system of following one's own luggage into railroad cars and out at the end of a journey when one is in England itself, but the system does not work out happily with the baggage of an overcrowded steamship; at least it did not on this voyage.

#### 'AWKINS FROM FRANCE

**EVERY** Pullman berth nowadays has its electric light—a great convenience to travelers. Why not reading lights in steamship berths? The Pullman cars have hot and cold water "laid on." Why not running hot and cold water in steamship staterooms instead of the British bowl-and-pitcher system, that



necessitates so much running about of stewards? The Vauban's stewards were wretchedly overworked. Their hours ran from 5 in the morning until midnight, apparently. It gave one a distinct shock to learn that the docile 'Awkins who answered your bell was a veteran from France, with maybe a wound or two, or had been torpedoed several times. Leaning over the rail during a free moment he might tell of a twenty-hour trip in a lifeboat through the wintry north Atlantic, and a hazardous landing on the rocky coast of Ireland.

"I'm a 'umble man, sir, an' my 'ouse has only four rooms," he would conclude, "but if I could have put that lifeboat in my parlor, sir, I'd 'ave wrapped it in silk from end to end."

And 'Awkins has not lost the jolly British habit of "grousing." He will also tell you of the British steamship employes' movement for an eight-hour day on shipboard, with overtime for extra work.

On the whole, the log of the Vauban on this trip seems to point plainly to many opportunities for improvement and economy in steamship service. It is up to the British, and also ourselves, to shorten the distance between North and South American ports by putting on faster ships, and more ships, so that a port like Buenos Aires may be reached directly without freight handling at Rio

or elsewhere, and by enlisting the intelligent co-operation of Latin-American port authorities, so that expensive loafing about in their harbors may be eliminated.

#### ARTICLE II

#### MANUFACTURERS SEND NEW TYPE OF REPRESENTATIVES

**I**N THE Roadstead, Rio Plata, Argentina, Aug. 17.—"Chicago" had a habit of making detached remarks. "I'll bet there are 100,000 people at Manhattan Beach in Chicago this morning," he would say, leaning over the rail before breakfast, and again, piously, "How would you like to be in La Salle street this morning?"

Probably you have heard that the American doing business in South America must speak Spanish or Portuguese and be extremely courteous. That is a very good theory—but here are the facts:

"Chicago" was a product of Packing-Town, a factory-production man more accustomed to watching figures of daily output than to taking his hat off to men in the Latin-American fashion. And he spoke only his native language—American. Nevertheless, he was a true gentleman in his direct honesty and simplicity and human kindness.

The British steamship Vauban was crowded from New York to Rio and, therefore, "Chicago" shared a small stateroom with "Buenos Aires." The latter was as typical of his continent and city as his roommate. "Buenos Aires" spoke Spanish and French, but not a word of English. He was a wealthy landowner, a member of the Jockey Club, a cosmopolite as much at home in

Paris as Buenos Aires. And they understood one another from the first, each talking his own language. "Chicago" never had seen a man before who possessed so many suits of clothes and pairs of shoes. "Buenos Aires" is famous in his home town as a wit and mimic. He had his home-town habit of coming in around 2 a. m. This led "Chicago" to think that "Buenos Aires" might need assistance climbing into his upper berth, and when "Buenos Aires" sensed that he played the part realistically, fumbling with his



ARGENTINA CAPITAL BUILDING



clothes, dropping money on the floor and talking thickly. "Chicago" put "Buenos Aires" to bed so tactfully and kindly that the latter told him next day through an interpreter, "If there is anything in Argentina you want, just let me know and I will get it for you."

A good many find understandings between South America and North America are as simple as that when reduced to actual contacts between individuals. You may master Spanish or Portuguese and the countless fine points of Latin etiquette. Yet what you really are counts for far more than how you talk or act, and no one is quicker to see that than Latin America.

The Vauban carried a record-breaking passenger list. Reservations had been made months before, and her second-class cabins were filled with passengers who ate in the first-class salon in two shifts. And the passenger list was representative of the new business relations that are being built up between South and North America.

Chicago had sent a large delegation of packers—men from every branch of the industry going to the southern continent with their wives to live for long periods. Brazil never exported a pound of meat until the European war began, but now she is shipping 75,000 tons annually and erecting packing plants and developing from her Hindu-humped cattle better beef animals that will resist tropical pests and diseases. So for Brazil there were experts in both the breeding and packing of beef. Beef canning in Argentina, Uruguay and Paraguay had lately shown marked falling off in quality. So there were experts capable of taking the kinks out of a "line" of canning machinery. One of them was an American hurriedly brought from Australia. Brazil's immediate future lies even more in pork than beef, because hogs can be grown more quickly and are more adapted to the climate. Likewise, while Argentina and her neighbors have been growing cattle, sheep and grain, hogs have been neglected and pork is almost a luxury. So the Chicago delegation comprised various hog experts,

with scientific men from Washington, and coming along behind them in freight steamships were droves of aristocratic American swine to establish the industry on the southern continent and to establish it right.

#### THE BOND OF THE CONTINENTS

WHEN the passengers came aboard at New York it was possible to classify them in two distinct groups—those obviously North Americans and those obviously Latin. But in a week the distinction blurred and the groups blended, for some of the Latins proved to be Americans who had lived long in Brazil or Argentina—it was their clothes and complexions and manners that made them look southern. Some of the Latins also proved to be Porto Ricans and



PORT VIEW OF BUENOS AIRES

Cubans with American business training. On top of that there were Spaniards with American business experience and Americans who had never been abroad, but were now going to the southern continent after careful training in the language. So the ship's company as it stood was a definite bond between the two continents in language and nationality, and as one got better acquainted with individuals it was seen that this bond also extended to business matters.

Argentina has no iron ore or coal for steel-making purposes—at least no resources discovered or developed. Yet there was a group of steelmakers aboard. They were going from Canada to Buenos Aires to make steel. One expert had the job of installing furnace equip-

ment, which the others were to operate on contract extending over several years.

How could they make steel without iron? Their raw material will be scrap iron, the export of which from Argentina is prohibited. How can they make it without fuel? American and British coal is to be used, and, though the cost per ton is high compared with our standards, the price of steel in Argentina, almost a precious metal, gives a fine profit on a necessarily restricted production. Out of Argentina scrap iron they will soon be making angles and bars and shapes.

Steel from the United States was represented by a dozen executives, engineers and salesmen, bound to various parts of the A. B. C. countries to begin the rehabilitation of railroads and public utilities,

resume construction on dozens of buildings upon which work stopped shortly after the war began and whose gaunt skeletons are seen in every port.

#### INDUSTRIES IN EMBRYO

**S**OUTH AMERICA produces hides and vegetable tanning materials, like quebracho, divi-divi and mangrove extract. Quebracho is a wood so heavy and hard that it sinks in water, and its name is Portuguese for "ax-breaker." It is so full of tannin that quebracho railroad ties last for years. Raw hides and tanning materials are freighted all the way from South America to

North America, turned into leather and the latter shipped to Europe. Why not make the leather itself in South America? There was a leather man aboard, who said that Argentina had been making leather in modest quantities for some years by methods which were slow and costly compared with American standards. His job was to begin leather production on American lines.

England, France and Italy had been active in sending aviators and aircraft missions to South America since the armistice, backed by all the advantages of government support, official and financial. Up on the boat deck next to the wireless room a lone American aviator was tucked away, bound for Buenos



Aires to represent single-handed our largest American aircraft corporation, without government backing or financial advantages of any kind. It looked like another tilt of the solitary ace against the flying circus!

It is estimated that since the war between fifty and seventy-five American manufacturing concerns have established branches in South America, where they carry full stocks of goods, quickly accessible to customers. A score or more of the passengers were traveling to these branch houses, some, men with experience in the southern continent, going back after conferences at home to extend trade and others crossing the equator for the first time to enlarge branch organizations.

#### AMERICAN BRANCH BANKS

**A**MERICAN branch banks in South America are growing so fast that every ship carries men to increase their staffs.

American shipping now looms up as an actuality, with definite plans for putting both passenger and cargo boats on our South American routes. The new American merchant marine was represented by men connected with new shipping lines going to various parts of the southern continent to investigate port facilities and traffic possibilities, as well as men with plans for serving American ships in the various ports.

Coal was represented by one operator, who sells it to Latin America by the shipload. Buenos Aires and Rio are live show towns, and there were American theatrical people aboard.

One decidedly interesting group, though not North Americans in birth or business connection, was still significant in future relations between the two continents. It was made up of young Latin Americans returning from our engineering and commercial schools, wearing American fraternity emblems, speaking the American language as we speak it ourselves, each with an amusing bias toward his alma mater or some individual city where he had lived.

The wiseacre in Latin-American busi-

ness is always drawing the newcomer aside to whisper things in his ear.

"You're green down here," he says, "and I've been in the country five years. Let me tell you something about these people," etc., etc.

#### GREEN CONCERNING LANGUAGE

**A**LMOST invariably he will complain of the kind of Americans who have been sent South on business missions, explaining that they are mostly "bounders," not familiar with Spanish, not in sympathy with the Latin people or versed in their business ways. Our former cargoes of American people may have been like that, but certainly the Vauban's passenger list was not. At a rough estimate half the men going on business missions had been in the southern continent before or had experience in the West Indies or were of Spanish or Latin-American birth. Fully nine in ten spoke Spanish or Portuguese. The large group of factory men was green in the matter of language and previous experience in South America, but they were not green in processes or products, and while they would have to work through interpreters until some knowledge of the language had been picked up, were already investigating Latin-American industrial and labor conditions, comparing them with our own and planning to boost output by boosting earning capacity on familiar American lines.



#### ARTICLE III

#### U.S. BUSINESS AGENTS SOON FEEL AT HOME

#### B U E N O S A I R E S , A r g e n t i n a , A u g . 1 9 .

—Most Americans visiting Argentina for the first time are impressed first of all by the health and energy and general bigness of the people. And also by their—whiteness! For a negro is decidedly rare in both Argentina and neighboring Uruguay. The only negro I have seen during

the first week is a gigantic porter in a gorgeous red uniform on the sidewalk in front of the hotel. He is from Martinique, and in his queer French insists that Martinique is not an island, but a big country.

The Yankee should quickly feel at home among Argentinians and Uruguayans, because they are very much like ourselves in many ways, temperamentally and in business. The New York executive meeting the average Buenos Aires executive will find that the latter knows several times as much as himself about trading and banking, because he does business in half a dozen currencies and two or three languages.

The Philadelphian will find him permeated with the British conservatism which the Quaker City has inherited—and may be astonished to hear that Buenos Aires, far from being a mushroom town, was founded 100 years before Philadelphia. The Bostonian will find him bookish and musical. The middle westerner will find that his thoughts run to identical interests—grain, cattle and farming generally, with projects for the development of oil wells, mines, towns, railroads and highways. And no Californian ever was as good a booster as the average Argentinian. When the latter says, "I am an Argentinian!" he says it with his whole body, drawing himself up proudly and putting his soul into the declaration. One fine moonlight night on the ship an Argentinian suddenly stopped chatting and pointed excitedly to the sky:

"There is the map of Argentina," he exclaimed, pointing to a mass of clouds. "See! There is La Plata and the Parana and the Chaco, and even Patagonia and Tierra del Fuego."

The Argentinian is a Latin, but far



BUENOS AIRES RAILROAD STATION



more French than Spanish. He has a Latin courtesy and formality, but also a streak of frankness that makes him different from Latin-Americans nearer home, with whom we are apt to be better acquainted.

### THE ARGENTINO AS HE IS

**T**HESE Latins say, "Everything that I have is yours, *senor*," and are eager to tell you what they think you would like to hear. The Argentino will compliment you also, but in matters upon which he can be sincere. He will tell you that he likes Yankees because their country is big, like his own, and that Argentinos may well emulate the Yankee in speaking up proudly for their country and doing things in a big Yankee way. He will not hesitate to point out courteously what he believes to be shortcomings in your country or your business methods. As with the French and ourselves, there seems to be between Argentinos and Americans a quiet understanding, and an unspoken agreement upon national and temperamental things.

Like ourselves, the Argentino likes to make a good appearance. He is one of the best international patrons of the tailor and haberdasher. He always has a crease in his trousers and likewise a crease in his mind and manners. His office is a well-fitted business workshop instead of the primitive desk surrounded by barrels and boxes familiar in some other Latin-American countries, where people strike the Yankee as doing their business behind the barn-door. If he can only afford a cheap little American automobile he will have it specially painted and polished, and its fittings silver-plated, and then add a gorgeous chauffeur. One of the sights of Buenos Aires is to see, among the expensive European and American cars at the opera, the Argentine family arriving in "El Fordo" with their liveried chauffeur—and a footman!

A good deal has been said by Americans about the formalities of the Argentine

business man. Before you broach business subjects you are supposed to call upon him several times and chat about music and family and social matters.

### BUSINESS AND FRIENDSHIP

**Y**OU are supposed to mingle business with friendship in proportions of about three to one—and so on. But probably this side of business in Buenos Aires has been overemphasized. It is true that when you first call upon business connections they will ask courteously what sort of voyage you had and about your health and your relatives in detail, and you are supposed to ask about their relatives and themselves. But this all has a tang of novelty, and one quickly falls into the spirit of it, and business is really done as directly as among ourselves, and the Argentine courtesies and trimmings make the American visitor's stay delightful.

A group of Americans with a big equipment contract in view spent several months riding in the park and playing golf with Argentine executives who had the placing of the contract. Then suddenly some one in the American colony was indiscreet, Argentine sensibilities were hurt, and the Americans had to begin all over again. But they landed the contract! Such incidents can be told in a way to suggest that this is a round-about way to do business. But many a

business concern at home has its golf-playing partner, and many a big deal is closed on our own golf links.

It is winter now in Argentina. As a theoretical proposition, one has heard that the southern hemisphere is opposite our own in weather, with long, cold summers and hot winters. But crossing the equator in July, when changing your mind quickly will melt your collar, it still looks like a theoretical proposition. But when you land in Buenos Aires with a heavy overcoat and a straw hat you learn that the geographers are right, for Buenos Aires in winter is a chilly town. With coal at \$60 a ton, steam heating is not common.

### WINTER AND THE FUEL QUESTION

**T**HIS subject of a continent that cannot keep itself warm is so interesting that we deal with it in detail in a subsequent article. The immediate thing for the American is to find a place where he can keep himself warm, and he probably flocks with his countrymen in the solitary hotel which has honest-to-goodness steam heat. Buenos Aires is in about the same latitude as Charleston, S. C., and seldom has freezing weather in winter, and, while there is a damp, penetrating chill which gets into the stone walls and tile floors of unheated buildings and into one's bones while sitting indoors, the average winter day is sunny, and one can

easily keep warm by wearing substantial under-clothing, as the Argentinos and British do. It is not nearly so bad as Americans, clinging to light clothing and their steam-heated civilization, would lead you to believe in advance. Argentina, Uruguay and Chile were the only Spanish colonial possessions with an invigorating temperate climate, and they have produced vigorous peoples in marked contrast with the tropical countries, where life for the white man is a constant battle with sun and swelter.

Buenos Aires is more French in its architecture and atmosphere than Spanish. The



ARMISTICE DAY IN BUENOS AIRES. NOTE "OLD GLORY" IN THE FOREGROUND



lower quarter of the city is Spanish in its narrow streets, and so are the fifteen-foot ceilings universally found in business buildings, hotels and homes. But great, wide boulevards lead away from this quarter, and the sidewalk cafes and newspaper kiosks and the whirling automobile and sidewalk traffic give the "ambiente" of Paris. If you tell that to the Argentino it pleases him greatly, for with all his heart and soul he loves France, and Paris is his ideal in architecture, culture, recreation and business. Tell him it is true.

The Opera and Jockey Club (pronounced yok-ey cloob) are familiar guidebook institutions in Buenos Aires, and probably you have heard about them, and so they can be taken for granted. But a word about Buenos Aires' taxicabs may be interesting.

#### AND YET TAXI FARE IS LOW

"BUENOS AIRES' taxicabs are imported from Europe or America, and cost 50 per cent additional," said an American banker. "Gasoline costs 75 cents a gallon, and tires and accessories are all imported. Yet fares are lower than in London or Berlin in normal times. You can ride a few blocks for as little as fifteen or twenty cents. I take a taxicab to my house in Belgrano, seven miles, twenty minutes on the railroad, for about \$1.50 American money, and the taxi driver takes his chance of coming back without a passenger."

How do they do it?

A little study of the system will show how it is done and furnish valuable suggestions for similar service in our own cities. Buenos Aires simply has learned that there is a big public in any city that will gladly pay for something better than the ordinary street-car ride. In New York we have blundered on to this valuable business idea with the ten-cent motorbus, but taxicabs are still regarded

as a luxury. The New York taxicab hauls an occasional passenger a mile or two for fifty cents to a dollar, and then waits perhaps an hour for another passenger. The Buenos Aires taxicabs are everywhere, carrying passengers on short trips, with a convenience and flexibility impossible by trolley car, and even while one passenger is paying for his ride another is climbing in. Buenos Aires has built its cheap taxicab system by developing a taxicab public beyond any other city in the world, and we Yankees, who make business in other lines by building it, may well study the system.

untrue. And as for British competition, that is not worth worrying about, compared with another kind of competition which American world trade faces—that of our great consuming demand at home and the American business man's absorption in home trade and his indifference toward creating world trade with a definite policy.

Shortly after the armistice, when a lull came in business at home, an American manufacturer sent a sales representative to Buenos Aires. Consulting the statistics, he saw that Buenos Aires was a city of nearly 2,000,000 people, but overlooked the fact that it contains about one-fourth of Argentina's whole population, which is hardly greater than that of New York's metropolitan district.

#### HAVE WRONG VIEWPOINT

"YOUR sales quota for Buenos Aires will be \$500,000," he said, and the salesman took ship for the southern continent. Foremost in the latter's mind was the necessity for making his quota. Dozens of American salesmen are sent abroad with the same viewpoint, which is absolutely wrong, as will be seen.

Arriving in Buenos Aires, he first canvassed the big wholesale merchants and sold \$100,000 worth of stuff. Then he visited the small jobbers and placed \$200,000 more with them. After

that there remained only the retailers. Breaking over trade lines, he canvassed these, and finally succeeded in making his quota and went home jubilant. The outcome was that when wholesalers tried to sell their goods to their customers they found their shelves filled, and as different prices had been made to different people the feeling in Argentina toward that salesman and his house may be imagined. It is a feeling which extends to every newly arrived American and leads many an Argentine business man to exclaim, "Ah, but I will be glad when the British are able to supply us again!"

A young Argentine went to the United States to learn the shoe business. A Bos-



INTERIOR OF BUENOS AIRES STORE, SHOWING GOODS OF ARGENTINE MAKE

#### ARTICLE IV

#### BUENOS AIRES BIG FIELD FOR U. S. MEN'S CLOTHING

BUENOS AIRES, Aug. 19.—One hears a good deal of whispering in Buenos Aires about British resentment of American trade expansion during the war, and of organized British propaganda against the Americans. But it is difficult to run any of this whispering down to a basis of fact. During the coming year British and American relations will be strengthened by openness and good understanding while things are getting back to normal. If the British are really using propaganda it will defeat itself if



ton manufacturer paid him a salary while he spent a month in the factory and then sent him on the road. He spoke good English, being of British descent, and his Latin courtesy got him a hearing everywhere. But he found stiff competition and sold only a couple of dozen pairs of shoes the first week at a cost of \$200. Much discouraged on returning to Boston, he was astonished to hear his boss praise him—that was considered a good beginning for a student. Sent on the road again, he sold twenty dozen pairs of shoes the second week and presently was doing a good business in territory where that house had had few customers.

The American business man at home thoroughly understands the value of time and training and patience in making connections upon which to build trade later. Why can he not understand it in dealing with world trade?

### BUSINESS UNDEVELOPED

AT home we think of business in terms of volume and concentration. There is volume waiting abroad, but it is undeveloped, and to attain it we must patiently begin at the bottom, as we have done at home.

A tailor-made suit of clothes costs \$75 to \$100 in Buenos Aires today, and only the well-to-do can afford it. Between the cheap hand-me-downs worn by the poorer classes and the work clothes of country people and the costly tailored suit there is a great gap. Trim, ready-made clothes on American lines are virtually unknown. The Argentino likes to make a good appearance, however, and there should be a good potential market for American ready-to-wear clothes. But building up the business calls for patient

pioneer work under the handicap of high import duties.

Most of the woolen cloth sold in Argentina prior to the war was British, the staple product of John Bull's midland country, where the people are born spinners and weavers and boast that they can make cloth of "anything that has two ends to it." British wages and material costs today are such that our woolen mills are on a level footing in prices, and in some cases have decided price advantages. But unless we are willing to forget ways of doing business at home and start creating new trade for ourselves in countries like Argentina by introducing American ready-to-wear through educational salesmanship and advertising, backed with an intelligent policy, we will probably hold little woolen business abroad—nor do we deserve to.

### GIVE SATISFACTION FIRST

THE American woolen mill sells thousands of yards of cloth to a single big clothing manufacturer at home. This manufacturer has his own facilities for sponging and shrinking the cloth. No such customer can be found in Argentina. Following methods familiar at home, the same mill may sell a few hundred yards to an Argentine purchaser, forgetting that the latter has no sponging or shrinking facilities, and there is dissatisfaction.

At home a big manufacturer of moderate-priced men's suits will purchase a cheap cloth woven with 30 per cent wool and 70 per cent cotton, ornamented with a stripe of silk. This cloth goes from the woolen mill to the American clothing factory without any complications of tariff. Sold to an Argentine



ARGENTINE COWBOY

purchaser, however, and invoiced as a mixture of cotton, wool and silk, it is subject to three times the duty of a cotton-and-woolen fabric solely on account of the silk stripe. The American salesman may have forgotten to explain this to his Argentine customer—perhaps did not know that it was very important in the cost of the goods laid down.

The American salesman, obsessed by the fear of not making his sales quota in Buenos Aires, looking for customers who can buy on a large scale, like those at home, finds his British competitor selling small lots of woolen cloth—orders which seem too insignificant to bother with. Yet these small lots represent volume on the British plan. John Bull's woolen trade is often bigger than our own. He simply builds volume by spreading it over the world. The woolen samples shown in Buenos Aires are also being shown in Hong Kong, Calcutta, Montreal and Melbourne. Individual purchases in each market which look insignificant to us, when massed in the British woolen mills, mount up to aggregates comparable with the largest individual purchases by American clothing manufacturers.

If we can only realize that we are in competition not with the British, but with our own ways of doing business at home, and forget volume and the selling quota, and begin creating business abroad by patiently making connections, we will create new business and it will belong to us. In ready-to-wear clothing for men, women and children most of the people in world markets are about where we were ourselves twenty-five years ago, when such garments were of indifferent quality in fit and appearance. Through better manufacturing methods and good consuming advertising we have built up an enormous clothing industry. People are pretty much the same the world over. The same intelligence and effort applied in world markets will produce the same results.

Already the American idea begins to pervade Buenos Aires. The Argentinos are strikingly conservative in the matter of color. Both men and women cling to



FREIGHT TRAIN ON SIDING AT A BUENOS AIRES WAREHOUSE



solid black, blue, gray and neutral colors in dress with almost a distrust of patterns. But American men and women on the streets of Buenos Aires during the last year or two, wearing colors and patterns unashamed, have attracted attention. So have our ready-made clothes. If an Argentine can afford a tailor-made suit at 175 to 200 pesos he will be well dressed. At home the man with a small income buys a well-tailored ready-made suit for \$30, which makes him look like

## ARTICLE V

LEADING NEWSPAPER  
USES YANKEE METHODS

**BUENOS AIRES, Aug. 22.**—Buenos Aires has a number of excellent newspapers, of which perhaps *La Prensa* is best known internationally through Dr. Jose Paz, its founder, and its magnificent building, said to be the finest newspaper building in the world.

Another great morning daily in the Argentine capital is not so well known—*La Nacion*, which differs decidedly from *La Prensa* in character. *La Prensa* is

When the war interfered with paper supplies from Europe Dr. Jorge Mitre, director of *La Nacion*, set out upon his first visit to New York. Along with paper he got American business ideas. *La Nacion's* front page had been occupied by want ads for three generations. Doctor Mitre has filled it with news, in the Yankee style. Argentine newspapers are set solid, with hundreds of cable items classified by countries. The completeness of their world information has made Argentine readers among the best in-



EXPOSITION OF ARGENTINE HOME PRODUCTS IN A BIG BUENOS AIRES DEPARTMENT STORE

\$50. In Buenos Aires a man with only \$30 pays \$40 or \$50 for a suit that makes him look like the deuce. American ready-to-wear garments or clothes of the same kind made on American lines in Argentina are undoubtedly needed. Tariff duties and other complications will make it difficult to build trade at first, but the demand is undoubtedly there and it can be done if it is done right. The real way to reach the buyer is to show him. This can be done readily by the opening of American showrooms.

regarded highly for its business news, and might perhaps be called popular in tone. *La Nacion* is considered more critical and literary, with a strong influence in molding public opinion. It is said that with a series of articles this paper can overthrow a government. It has the cable service of the *London Times*, the *New York Times* and *World*, and the feature service of the *Public Ledger*. It would be possible in a copy of *La Prensa* any morning to find cable news from virtually every country and capital on the globe.

formed on the globe and created a broad public opinion about world matters, in contrast to our own somewhat provincial partiality for local news. But the Argentine reader has always had to work pretty hard to get his information. When Doctor Mitre got home again he began lighting up this solid news with Yankee headlines and layouts. Yankee enterprise in advertising also impressed the Buenos Aires publisher so forcefully that he opened an advertising office in New York for his paper and another office for news, and began making



La Nacion known to American business houses. He has also taken steps to improve his printing plant with the latest American mechanical devices. And this is only a beginning, for next year Doctor Mitre intends to visit us again and adopt still more of our publishing methods.

### LOSING MONEY

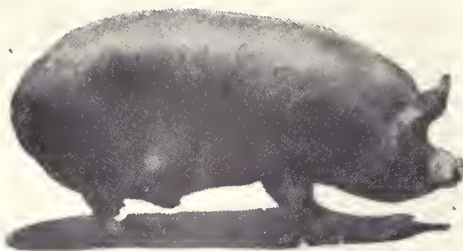
"THE amount of American advertising which we are receiving does not yet correspond to the somewhat costly missionary work we have done in your country," he said to the writer. "Will you tell me why?"

"Well, here is one reason," I replied. "The Yankee has heard that Latin Americans are horse traders—that every business deal involves dickering for prices. Our advertisers at a distance, paying the rates asked by your paper, fear that the Argentine advertiser right here at home may be getting a lower rate."

"We have taken steps to meet that distrust," answered the publisher. "It has been well founded. La Nacion still has old contracts, but I am happy to say that at the beginning of the new year we shall be able to announce an advertising rate card on North American lines. It has taken us nearly two years to make this adjustment."

"If you have accomplished this in two years you are to be congratulated—it took almost a generation in our country. Another reason for hesitancy on the part of our advertisers in this field is that we lack information about the people of Argentina. At home, you know, advertising is based on definite lines of appeal to our own people, whom we thoroughly know—motives like ambition for success, pride in appearance, pride in one's home, comfort, the saving of labor and so on. American advertisers, not being able yet to clearly visualize the people of Argentina and understand the lines of appeal which will impress them, are not able to plan advertising campaigns here and prepare advertising copy which will produce results."

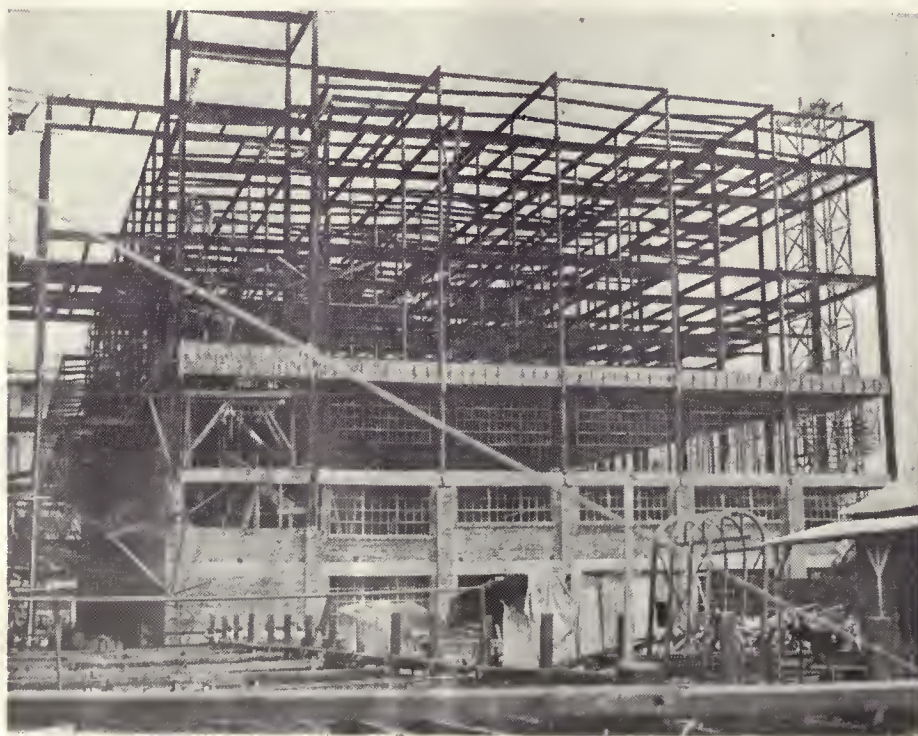
"We have established our New York office largely to give information and advice," said Doctor Mitre.



BERKSHIRE HOG BRED IN ARGENTINA FROM AMERICAN STOCK.

### HISTORY OF PAPER

"I HAVE watched your advertising announcements in the United States," I added, "and believe that they might be strengthened by a new appeal. You have here not merely a newspaper, but an institution. La Nacion was founded by your grandfather, Bartolome Mitre. His story is probably so familiar to you Argentines that you forget that it is entirely unknown to us. Tell us the story of La Nacion and General Mitre. He was first a poet and a journalist, one of the handful of newspaper reporters who, like Sarmiento, overthrew the Dictator Rosas and established your present government. He was also a soldier, a historian and a statesman, serving as president of your republic. He has been declared by an American writer to be one of the strongest and sanest intellects in Argentina and also one of your most sincere and constructive politicians. Until I stepped into your office today I had never seen a picture of Bartolome Mitre. In the United States we would instinctively put behind La Nacion the great personality of its founder, for we like personalities, and this is the direct road to our better understanding, not merely of your journal, but of your country."



NEW HOG-PACKING PLANT OF ARMOUR & CO. IN BUENOS AIRES

"The circulation of La Nacion is now 130,000 copies daily," said Doctor Mitre. "Can you explain why there are newspapers in Philadelphia, a city approximately the size of Buenos Aires, that have three and four times the circulation?"

Whereupon there followed a discussion of circulation methods, and it appeared that La Nacion had no such functionary as a circulation manager. Having had occasion to investigate circulation methods of American papers like the Public Ledger and other Philadelphia dailies, the Chicago Daily News, the Brooklyn Eagle, the Boston Globe and the New York World, the writer was able to tell Doctor Mitre things that suggested other American business methods worth adopting. The Yankee circulation manager not only covers every corner of his city by automobiles and carriers, but if a newsstand in a residence district cuts its daily order for papers, even a copy or two, he will immediately investigate to find out what is wrong and be satisfied only when he learns that some reader has moved from that neighborhood. La Nacion has a large circulation in the provinces. Its following of readers could unquestionably be built up by some such method as that followed by the Des Moines Capital, which has a fixed day each year for securing country subscriptions.

### TOO MUCH CONCENTRATION

AS Doctor Mitre listened to these details of the intensive work of Yankee circulation men and also our newspaper advertising staffs, there came over his countenance the look of a man who had missed something in our business methods of great importance to himself, and he brought in his cousin, who is also active in the direction of La Nacion, and translated particulars to him.

"One of the faults of Argentine business must be overcome," he declared finally. "It is the fault of too much concentration. We endeavor to run a big business enterprise with one man, the director, and lack big men to run such departments as circulation and advertising."

"With the quick Argentine intelligence," I sug-



gested, "there should be little difficulty in strengthening your organization. Send one or two of your employes to the United States and let them actually work for a few months in the circulation and advertising departments of leading North American newspapers. There is no better city in the United States for such practical studies than Philadelphia, with its numerous morning and evening papers, distributed over a wide territory in eager rivalry, and its marked development of newspaper advertising, which is utilized not only by the great manufacturers and merchants, but also by small business concerns. Our newspapermen will not only reveal their methods gladly, but will welcome such contacts with Argentinos."

#### ARTICLE VI

#### HIGH COST OF LIVING HITS BUENOS AIRES

**B**UENOS AIRES, Aug. 26.—Read the briefest guide-book description of Buenos Aires, with its schedules of hotel and merchandise prices exceeding those of New York, and its rising 2,000,000 population in a nation of 8,000,000, and there naturally comes into one's mind the questions: "How do all these people live? What do they work at? Where do they get the money to play the game?"

When our ship docked in the late winter afternoon there was an immediate stampede of passengers to the hotels seeking rooms, and the New Yorker who had cabled ahead ordering his standard Yankee room with bath in a leading hotel was probably thankful to find shelter in a pension that night. Hotel rates in the Argentine capital average 25 to 50 per cent higher than in New York, yet the hotels are always full. Houses are so scarce that months of waiting and negotiations are often necessary before the new arrival can put a roof over his family.

#### CLOTHING EXPENSIVE

**C**LOTHING costs from 50 to 100 per cent more—a London derby which would be worth \$3 in Bond street nor-

mally, or \$4 or \$5 in New York if of American make, cost the writer twenty-one pesos on the Avenida de Mayo—more than \$9 in our money. Toilet articles, such as dentifrices and shaving creams, retailed for twenty or thirty cents at home, utterly ruin an American dollar bill. Even food is expensive. For, while Argentina has perhaps the richest soil in the world, her farming centers on cattle, grain and sheep, with little development as yet of dairy products, vegetables, fruit and the trimmings of life, and even where these are grown facilities for bringing them to market are undeveloped.

Some articles are cheap by contrast. A delicious Argentine partridge or wild duck served in a restaurant costs sixty to seventy cents and would be unobtainable in New York. But up in Tucuman,

ness gets under way about 11, only to halt for two hours during lunch from 12 to 2. Then the offices are open until 7 or 8 in the evening, but everybody stops for tea between 4 and 5. Dinner comes between 7 and 9, and then the operas and theatres open and run until 12 to 1. After that the restaurants fill again, and one of the busiest hours of the day is 2 a. m., when the Buenos Aires folk begin to think about going to bed.

After the visitor learns more about the Argentine capital he discovers that a great many of its residents make a living with the greatest difficulty, while others apparently have life served to them on a golden platter. It is the familiar situation of an upper and a lower class, with hardly any middle class between, and is reflected in everything the city eats, drinks, wears and does.

#### NATIVE IS "PORTENO"

**T**HE native of Buenos Aires is known as a "porteno." He is a child of the gateway into the Argentine, and the term, of which he is proud, has much economic significance. Through this gateway flow out the wheat, corn, beef, hides, wool and other products of the rich Argentine campo, with an inward flow of the merchandise and implements consumed in the republic. The "porteno" is occupied with the traffic



PARADE OF PRIZE CATTLE IN ARGENTINA'S LEADING STOCK SHOW

which is the Florida of the Argentine, the truck grower receives eight cents a dozen for tomatoes during the winter and by the time they reach Buenos Aires the grocer has to charge a dollar or two, because Argentina has yet to organize refrigerating shipments of perishables on lines standard in the United States.

How Buenos Aires makes a living has an important bearing upon its consuming capacity.

#### TOWN RISES LATE

**D**URING the first few days after his arrival the visitor, who probably keeps close to the Avenida and the restaurants, wonders if the people of Buenos Aires worry about the matter at all. It is a town that rises late and stays up late. The streets are almost empty until 9 or 10 o'clock in the morning and busi-

ness gets under way about 11, only to halt for two hours during lunch from 12 to 2. Then the offices are open until 7 or 8 in the evening, but everybody stops for tea between 4 and 5. Dinner comes between 7 and 9, and then the operas and theatres open and run until 12 to 1. After that the restaurants fill again, and one of the busiest hours of the day is 2 a. m., when the Buenos Aires folk begin to think about going to bed.

Hardly a generation ago poor immigrants from Spain and Italy flowed through the gateway out upon the fertile pampas, where cattle and horses roamed wild, and the gaucho, or Argentine cowboy, part Spanish and part Indian, herded and killed them for their hides. The new arrivals took up land, fenced it, imported well-bred animals from Europe and began raising wheat and corn with such bountiful yields and low costs that, when export trade to Europe began, they quickly became rich. The country encouraged large families—to have a



dozen brothers and sisters is very common among Argentinos. When the original settlers died their millions were bequeathed equally to their children, under the Argentine legacy law, which is like that of France.

#### ARE GOOD SPENDERS

**T**HUS it came about that Juan and Pedro, steady sons who had worked the estancia with their father, remained in the country, while Carlitos and Angel and Atanasio and Santiago, finding the country slow, hurried to Buenos Aires, with its big-town attractions, and devoted themselves to spending their money. Very likely the girls went with them, and Selina and Victoria and Amata and Catalina often did a better job of spending, with the expert assistance of idle husbands.

One of the favorite stock stories in our movies is that of the gilded youth forced to work on a farm or ranch and make a man of himself. This film also tickles the Argentinos, especially country people and workers, who visualize their own gilded youth and love to see them go to work—in the movies.

This is the upper class in Buenos Aires, reinforced by the merchants who handle the traffic of the gateway and the bankers and officials who use foreign capital to develop Argentine resources. From time to time some slight punctures in one of the tires of prosperity cause a pause. This happened at the beginning of the war, when merchandise and capital from Europe were suddenly cut off and the demand for Argentine products changed in character, and everybody felt poor until merchandise and money flowed in from the United States. The Argentine Government is now temporarily pinched because revenue from exports fell off during the war. The basic resources of Argentina are so great, however, and her farming is on such a quantity production basis that for the favored upper class wealth is abundant in its flow, and among the world's millionaires the Argentine is "unico."

#### HIGH COST OF LIVING

**B**UT for the government clerk, the newly arrived immigrant and the native earning wages or a moderate salary life is not so gay. In every business establishment one sees the sign, "No hay vacante"—no help needed. Thousands of families make a slender income do its utmost by living in "conventillos," which are barrack-like tenements of perhaps a single room, with none of the decencies of life. Rents for those are high, taking often a quarter of the breadwinner's wages, and the rest goes for food at prices so high in proportion that there is bitter complaint and an agitation for improved social conditions. During the last year there have been several serious outbreaks in Argentina—the great railway



strike throughout the country, which was very destructive to property; the strike of dock workers in Buenos Aires, which piled thousands of tons of freight across the Rio Plata in Montevideo, and unrest among agricultural workers, about which not so much has been heard in the United States. This unrest is due partly to temporary conditions—the unrest following war and inflation of currency, which makes it difficult to live on inflated wages.

But when the world gets back to normal there will still be conditions peculiarly Argentine calling for adjustment. It is a country of large landowners and millionaires, with not very well paid agricultural laborers and unskilled workers in cities. It needs manufacturing industries and a diversification of farm products, improvement in transportation, the cutting up of large ranches into farms like our own, and other changes. Many of Argentina's problems are due to lack of population, but not all. Lotteries and race-track gambling waste the time and money of everybody in Buenos Aires, and can only be cured when the people see this waste clearly—as they are now beginning to do. When you visit your Buenos Aires customers it may strike you that they could make improvements in just such things and thereby improve living conditions for the mass of people in their city. But do not jump to the conclusion that you have discovered these shortcomings, for the Argentinos themselves are fully awake to them.

#### ARTICLE VII

#### U. S. PACKERS URGE MODERN METHODS

**B**UENOS AIRES, Aug. 28.—When the American packers first went to Argentina about four years ago the republic had just begun to hear about our trusts. With dread names like Armour and Swift in their "frigorifico" industry, the Argentinos were alarmed and organized a huge committee of ranch owners and business men to fight the trust invasion. At the height of the excitement a meeting was held, and a level-headed rancher of Italian descent rose and said:

"Let us deal with this situation on the facts. I have observed that every time a new packing house is established in Buenos Aires I get more money for my cattle. If the American trusts increase my profits, let more of them come; if they are bad, we Argentinos have power to make laws and control them."

It is a matter of history that the American packers doubled prices paid to ranchers during the days when the industry was represented only by British and Argentine concerns. This was accomplished partly through economies in packing, worked out in the great industry in Chicago, with saving of by-products which had formerly gone to waste in Argentina, and partly by experience in distributing meat and other products through their own wholesale organization. At one time British packers had no trade machinery in England for distributing their meat to the retailers and lost money through profits paid to outside middlemen. As for by-products, the remarks of an American engineer may be quoted.

#### PACKERS INTRODUCE HOGS

**T**HERE are two packing houses not operated by Chicago companies," he said, pointing to a couple of large plants as our ship entered Montevideo. "I can take you through them and show you by-products we save which are running away into the river."

Today the Chicago packers are extending Argentina's meat industry by the introduction of hogs.

Mention hogs to the average Argentine rancher and he smiles skeptically. All through the period when the republic's meat industry was developing, from wild cattle killed for their hides into the meat-extra factory, and then the modern refrigerator ship and packing plant, hogs were neglected because unprofitable. Every estancia had its small drove of pigs, but entirely for home consumption, and of the light weight, slow-growing razorback type. Hogs were not profitable because there was no market for them outside country towns, and meanwhile Buenos Aires paid high prices for pork, ham and bacon. There was no market because none of the packers purchased hogs regularly and shipped the pork to Europe.

From time to time one of the packing houses would manifest certain interest in hogs when pork was high, purchasing over a short period. But if the rancher, encouraged by this temporary market, went into hog raising probably he found that the market had vanished when his porkers were ready to sell and lost money, and was laughed at by his neighbors.

Today there is an unfailing market for hogs in Buenos Aires, and ranchers are going into this line with pedigreed boars from the United States. Credit for really establishing the industry is accorded Armour & Co., known on the southern continent as "Frigorifico Armour de la Plata." This corporation put solid foundations under the market by the simple device of buying hogs whenever they were offered, regardless of conditions in consuming markets. It imported pedi-



greed Duroc Jersey and Poland China boars from the United States, paying high prices, taking the risks of transit and selling the animals to Argentine ranchers at cost. It issued hog bulletins and sent hog experts to assist ranchers. Just when the infant industry really got going Uncle Sam entered the war, cutting down imports of breeding animals from the United States and also reducing the shipment of pork to Europe, which demanded beef, beef, beef!

sight and went through the packing houses to watch their hogs turned into pork.

War affected the consuming end of the industry, but stimulated production on the ranches. For Europe wanted wheat, wheat, wheat, and Argentina's corn crop was worth next to nothing, as Europe lacked ships to haul it away. At one time corn was so cheap that people burned it to keep warm, and it was used as fuel on the Argentine railways. With this grain begging a market at about

ranch in the world, and its output is sufficient to keep a full-size packing house in constant operation.

#### AMERICANS HAVE HUGE RANCH

**T**HE Campion brothers are Americans by birth, but went to Argentina as children when their father, an Irishman, investigating the land laws of the United States, Australia and the Latin-American countries, decided that Argentina was the place to provide for a big family of girls and boys. Evidently he made



AN ARGENTINE VOTING BOOTH AND ELECTION OFFICIALS WITH BALLOT BOX ON TABLE

#### SHIP LACK A DRAWBACK

**E**VEN now the shipments of pork to Europe and the United States are restricted through scarcity of shipping space, and the meat accumulates and the undeveloped home demand in Argentina does not take care of the supply. Still Armour, Swift and Wilson continue to buy hogs, and in July Buenos Aires made a record of 1600 hogs handled in one day, where 100 would have been notable a few years ago. Some of the leading hog growers came to town to see the

thirty cents a bushel, the ranchers began to turn it into pork.

Things are not done on a small scale in Argentine farming. The American farmer shipping a whole carload of fifty hogs is a substantial man, but the Argentine rancher ships hogs in lots of 500 to 1000.

Some idea of the way Argentina is going into pork is revealed in details of the Campion brothers' estancia, at Enrique Lavelle, a day's ride from Buenos Aires. This is said to be the largest hog

a good selection, for these two Campion boys have on one ranch nearly 3000 acres in alfalfa and corn, keeping 8000 matured Poland China hogs, and on another estancia a drove of 4000 hogs, in addition to large cattle-raising activities.

They ship hogs by the thousand and their breeding and fattening operations are timed so accurately that animals go to market on schedule almost in the week when they are in prime condition to hit the seasons of brisk demand.





STATION ON A BUENOS AIRES SUBWAY

Last winter an embargo was suddenly placed upon the shipment of pork products to England. The Campions had an enormous drove of hogs being finished off for the Argentine spring market. When hogs are ready for market they are ready, that's all, and to keep them past prime condition involves heavy extra costs for feed and probably a falling off in condition. Skeptics predicted heavy losses, saying that as the weather grew warm the hogs would lose weight, get sick and die, but the Campions farm with scientific and business ingenuity. They rigged up shade, carried their hogs into warm weather, kept them in prime condition and upon a sudden improvement in the market disposed of their animals at a good profit.

The Campions are representative of Argentine enterprise in developing new resources of the republic. What they have done on a large scale has also been accomplished by other farmers in a smaller way. The work of such Argentines, backed by the Chicago packers, is a splendid instance of what South America and North America can do to develop resources when they get together.

This industry is of direct interest to the American breeder, for now Argentina becomes a good customer for our pure-bred boars and brood sows. For many years the swine exhibited at the cattle shows in Buenos Aires have been of very high grade, yet throughout the country only the Argentine "criollo" pig has been known—equivalent to our southern razorback. This is due to lack of pure-bred animals, and so long as pork was a speculative product the Argentine farmer found the razorback good enough for home use. But now pork is a staple, like beef and wheat, and the Argentine farmer will undoubtedly buy the highest grade of breeding swine as he has bought the best-breeding cattle, horses and sheep in building up his older livestock industries.

One distinctive breed of American hogs, the Duroc Jersey, shows leadership, with the Poland China in the Ar-

gentine. White hogs are not favored because affected by sunburn during hot weather. For that reason the black Poland China holds first place, as a black coat is one prime consideration with the Argentine rancher when he selects hogs. But the Duroc Jersey, while it has a blazing red coat, has been found immune to sunburn, is hearty, a good rustler, meets packing-house standards and is growing so rapidly in Argentine favor that American breeders have a distinct advantage in trading with the southern republic.

## ARTICLE VIII

### AMERICAN AUTOMOBILES SUPPLANTING BRITISH

**B**UENOS AIRES, Sept. 1.—An Argentine went into the Buenos Aires salesroom of an American automobile concern and, after looking over several cars, said:

"I like this one—how many weeks before you can make delivery?"

"You can have it now," said the salesman.

"What! You mean that I can have this identical car today?" exclaimed the Argentine doubtfully.

"Yes, this very car," said the salesman. "You can drive it out the door there. I will teach you to drive."

"Car-r-ramba!" exclaimed the Argentine in astonishment.

Up to that time the Argentines had been accustomed to selecting an automobile of European make by sample at the Buenos Aires importers' showroom and waiting several months until the car itself could be shipped from Europe. When the Americans came with a stock of cars on hand, ready to sell right over the counter, and, better yet, a complete stock of repair parts, backed by willing service when the car owner got into trouble, it was something new.

"There is only one thing we ask you to do," added the salesman. "We want to see your car every two weeks for the next three months to look it over and make little adjustments."

"Why, is it going to break down?" the customer asked anxiously.

### GIVE REPAIR SERVICE

"**N**OT at all," was the reply. "Because we can see that it is oiled and greased and kept in trim to prevent trouble. You can bring it around yourself or send it by your chauffeur."

This idea of inspection service during the first few months after purchase was also new to the Argentines. Probably they forgot their promise and did not bring the car around. But the ever-present Yankee card system was on their trails nevertheless, and if a certain car did not show up in a certain week, the owner would be courteously reminded over the telephone. If he did not come then, the inspector would turn up at his garage.



BUENOS AIRES' NEAREST APPROACH TO A SKYSCRAPER



How new special service is in many countries where European cars have been sold is shown by a recent suggestion in a European export paper. Having discovered that few cars were sold in a certain country because trained chauffeurs and mechanics were scarce, this paper suggested that men be invited to come from that country to the European factory for mechanical training. The Yankee idea of starting a school where the chauffeurs and repair men were needed did not seem to occur to the European automobile men.

No British or European automobile manufacturer has his own branch in Buenos Aires—sales are made entirely through importers. The majority of American cars are also sold that way, but three of our manufacturers maintain their own branches, with corps of dealers throughout the republic—Studebaker, Ford and Case. In justice to the importers, however, it should be added that many of the representatives for American cars have fine showrooms, carry cars and spare parts in stock, give service and work hard for business.

#### EUROPE WON OUT

IT IS said that the American automobile started even with the European cars in Buenos Aires, but that their uniformity of body design, and also their lower prices, enabled European manufacturers to secure the Argentinos' orders. Many Argentinos were visiting Paris, London and Rome in those days, and the high-priced individual car, with its special custom-made body, appealed to them. Because the average Argentina family had not yet dreamed of possessing such a magnificent piece of property as an automobile, and also because demand at home took all their attention, the American manufacturers quietly dropped out.

But during the war Europe had no cars to ship, and for three years our automobiles virtually monopolized the market. The average family began to be interested. Where automobiles had been confined chiefly to Buenos Aires and six or eight smaller cities, the Argentina farmer turned to the automobile as a means of covering distance in the broad, thinly settled countryside. Familiarity with American standard bodies enabled the Argentinian to see their utility, as well as good looks. European cars of five years ago were not stream lined, and abounded in fancy brass work, which required daily polishing by the chauffeur. But the stream line American car has a beauty of its own, and the absence of brass work and corners to catch dirt appealed to the Argentinian who preferred to drive his own car.

American manufacturers also made concessions in cars shipped to Argentina, finishing them in special color schemes and polishes, while some of the Buenos Aires importers took steps to provide special bodies on standard American chassis.

Henry Ford once said lightly, when reproached concerning the "tinny" lines of his omnipresent product, "I wouldn't give five cents for all the art in the world." But if Mr. Ford could see some of his chassis fitted with elegant bodies in Buenos Aires he might change his mind—as has been said in a previous article, it is nothing unusual to see the Buenos Aires family arriving at the opera in a Ford with uniformed chauffeur and footman and a special body so handsomely designed and finished that the whole outfit looks quite in the Teatro Colon picture, apart from a certain unavoidable dinkiness.

#### FEW WOMEN DRIVE

ONE OF the rare sights in Buenos Aires nowadays is to see a woman driving an automobile—usually the

going in for the vote and playing tennis and golf and learning a new standard of life from American moving pictures. The automobile is right in the line of this development. And once they learn the pleasures of driving there will probably be no holding them back.

An American automobile was sold to a millionaire in one of the smaller Argentina cities. Being lighter and easier to handle than the big European car which it displaced, the millionaire's daughter was fascinated, and asked if she might sit at the wheel. The salesman gave her a lesson in driving, with father and mother chaperoning.

"I'm going to learn to drive that car, and then take lessons in repairs, take out a license and we'll discharge the chauffeur!" declared spirited Miss Young South America.

#### FARMERS NEED AUTOS

THE great market for American automobiles in Argentina is undoubtedly in the country districts. For one thing, the country districts have remained almost untouched until now in the matter of motor transport, and for another the American car, designed with an excess of power for going over rough country and bad roads, has manifest advantages over the European car, which is designed for economical fuel consumption on smooth pavements and highways. American manufacturers can sell high-price cars in the cities, but there will be competition with European makers when conditions again become normal, and the opportunities for increasing sales are not



WHOLESALE SHOWROOM IN BUENOS AIRES OF A CHICAGO CORSET MANUFACTURER.  
THE RIGHT WAY TO BUILD WORLD TRADE IN AMERICAN SPECIALTIES

chauffeur sits beside her and everybody turns to look. In the country women are learning to drive with greater freedom. It is the American motor salesman who has started this revolution. And it is a revolution, because the average Argentinian himself has yet to learn the pleasures of driving his own car and keeping it in repair, without a chauffeur. Where he can be persuaded to learn driving at all probably he carries the chauffeur to do any dirty work, because he does not like to soil his hands.

"Some of the Argentina men take better care of their good looks than do our American women," said a Yankee motor salesman.

But Argentina women are rapidly becoming keen about sports and politics and greater freedom generally. They are



so great. In the country, however, the sale of a light, cheap American car to the estanciero starts a whole cycle of possible development. After he has had his car a few weeks he becomes interested in better roads. Probably most of the roads he uses are over his own land, and he is not only free to improve them himself, but if he doesn't nobody else will! So he fills up some mud holes, lets his superintendent have the little car to push along farm work, and buys a better American car. By this time his neighbors are watching and perhaps he not only gives them rides and explains the advantages of the automobile, but becomes local agent for the manufacturer. It is easy to look ahead and see a time, maybe not far distant, when there will be good road sentiment, followed by highway construction, and then the motortruck for freighting produce to market. In between there is the market for farm tractors to be developed. Because gasoline is high but horses are cheap in Argentina, the American farm tractor has obstacles ahead, but it can be introduced through sales of automobiles and motortrucks in country districts.

The Yankee motor salesman is also a missionary for good roads and the general improvement of living conditions in the Argentina "campo." Let this be illustrated with an incident:

Riding on the railroad, an American automobile representative got into conversation with an Argentine, who said that he owned a car, but it was out of commission then by reason of the bad winter roads.

"Who takes care of the roads in your neighborhood?" asked the Yankee.

"I do," replied the Argentine. "They all run through my land."

"Why don't you make yourself a King drag, and lick those dirt roads into shape?" suggested the Yankee.

### THE "KING DRAG"

"A KING drag? What's that?" inquired the Argentine. Whereupon the Yankee drew a diagram of this split log device, which is dragged over many of our dirt roads after each rain and gives them a water shedding surface. He told him how storekeepers in many western states offer prizes to the first man or woman, boy or girl who reaches town on a rainy day riding a King drag. And the Argentine was enthusiastic.

"That's a new idea to me," he said. "When I get home we'll have one made and try it out."

Out of this conversation the automobile man got almost as good a suggestion himself. Scattered over the Argentina provinces he had 100 local representatives, many of them farmers. When they came to the next cattle show in Buenos Aires he gave them a dinner, explained the King drag, asked each man to go home and make one and demonstrate



it, and thus encourage practical good road sentiment in his neighborhood.

Because Argentina must soon be going through a rural development corresponding to that through which we have passed the last ten or fifteen years, there are undoubtedly many practical devices of the same sort which we can hand on a platter—and the Yankee automobile man is just the fellow to pass the platter!

## ARTICLE IX

### CONSULT WIFE, THEN SEND MAN TO LATIN AMERICA

**B**UENOS AIRES, Sept. 4.—When your Buenos Aires orders grew so that you decided to open a branch in Argentina, Charlie Foster was the logical man for manager. With the "pep" of the twenties and the experience of the thirties, a born salesman, yet developing executive ability, the choice was almost inevitable. So you told Foster and he began studying Spanish, and presently was off south.

Or maybe your Buenos Aires branch long ago developed into a factory and war put kinks into processes and you told Tom Burley to go down there and straighten things out if he had to stay three years. Tom is easily your best production man.

A straight line in thinking and promotion that usually works at home.

But see what may happen when applied to Buenos Aires:

Tom Burley has a wife. She never has been 500 miles from Smithville. They have their little home near the factory, and Mrs. Burley not only does most of the cooking and housework, too, but finds expression through her cooking. She has her relatives, her friends, her church societies—a woman busy and happy in a circle that is narrow, but complete and, oh! so comfortable.

### MISSES HOME AND FRIENDS

**S**END Tom Burley to Buenos Aires for three years and Mrs. Burley must go along, of course. But pick Mrs. Burley up and ship her south on a British liner and various things happen. Sometimes she misses her house and relatives and friends and wants to go back immediately with a longing that is as deep as it is awkward. Maybe a streak of vanity develops when she finds herself waited upon by a table steward, a cabin steward, a bath steward, a deck steward, a stewardess, so that by the time Tom reaches Buenos Aires trained English servants have

deluded her into thinking that she is really Somebody.

Arriving in Buenos Aires, or Cape Town, or Hongkong, or wherever it may be, she will consider it outrageous that there are no American restaurants or cooking, and long for waffles and maple syrup! Settled in a foreign house, with strange servants cooking over a handful of charcoal, she wants to know when they are going back to "God's country." Or maybe she is a frivolous kind, and, caught by the surface life of a foreign capital, begins spending money without knowledge of its value—it takes a long while to realize that the queer little foreign currencies are real money—the notes look so much like tobacco coupons.

### WIFE BECOMES FAULT-FINDING

**T**OM goes into the factory, and his wife seeks the American colony. Tom gets along well because he knows nothing of caste and deals fairly with the people who work for him. But Mrs. Burley finds women like herself, who want to go home, home, home! And they spend most of their time together telling each other how dreadful "these people" are, instead of learning a little of the language and associating with "these people." Presently something begins to pull down on Tom Burley, and that something is a narrow-minded, fault-finding wife.

How long should Tom Burley stay in foreign parts?

If it were possible to measure his wife beforehand, by some Bertillon system of gauging temperament, he never would be sent abroad at all—unless alone.

Maybe Charlie Foster's wife is different. Living in cities and traveling at times with her husband, she has learned to like novelty, and is Bohemian. Her first weeks in Buenos Aires are a delight, with people, ways, dishes and amusements absolutely new. She mingles with the people, begins studying the language, and looks forward to a five-year stay. Sooner or later, however, she drops into the American colony, occasionally and then oftener. Ways in which "these people" differ from those in "God's country" are discussed, at first to her amusement, but before long carpingly, and unless Mrs. Foster is a very broad woman indeed, the downward pull will involve her, too, and through her your branch manager.

How long a Yankee should stay abroad in world trade is determined by the Yankee's wife, eight times in ten. Americans abroad tend to herd in colonies—as do Britons and Spaniards and all nationalities.

The gossip of a foreign colony anywhere is very damaging, and a Yankee must be very much absorbed in his work indeed to withstand its influence, or must send friend wife home to her mother.

Fortunately, there is another kind of



American wife with whom a Tom Burley, happy in his work, can live abroad indefinitely.

A factory superintendent's wife was set down in a small foreign town to live in a cottage provided by the company. It had no heat, no kitchen in the American sense, no comforts of the kind she had known at home. But she was a partner as well as a wife, and, fortunately, this strange new home was far from the American colony. She got in an American stove, cooking utensils and kitchen cabinet, learned the language of her servants, taught them to cook American dishes. She threw out the jiggly ornamental furniture and replaced it with wicker and solid mission stuff. She got a mason and improvised a fireplace, and kept sleeping rooms warm with kerosene stoves. When her husband came home at night he stepped into a little corner of "God's country."

#### CAN BE REAL HELPER

AND there is another kind of Mrs. Charlie Foster.

Four years ago the contracts secured by a large American corporation in one of the Latin-American republics became so numerous that a branch was opened in charge of the vice president himself. Living well at home, and active in social affairs, this Yankee's wife, set down in a Latin-American capital, immediately began to deal with people as she had done at home. There was an American colony as usual, made up of women who would not "bone" over a Spanish first reader or learn unfamiliar usages and conventions, yet who wondered why they never got into the home life of that capital. Why they didn't will be clear to anybody who ever has spent an evening with a person lacking a common language. This woman learned the language—not a few hundred words and phrases, but grammar, and pronunciation, and the nice slang and finer shades of meaning. She took a house in the fine residence quarter, miles from the American colony, and entertained, and stood with the people of that city, like her husband, for a thoroughbred American who enjoyed the best another country had to give in people and life, and worthily represented the best in American life by way of return.

Strictly from a business standpoint there is no limit to this corporation man's stay abroad—every year that he lives in that capital brings its increase of turnover and reputation to the company and himself. And there is no limit to his wife's ability to stay—every year makes her life there richer and broader.

How long a Yankee should stay abroad depends partly on himself, even though he may be unmarried. There is a dissatisfied type among men no less than women—the fellow who instinctively gravitates to the American colony, falls into gossiping about "these people" and longs for home. If he comes back on the next boat, so much the better for himself, and his house, and the country to which he was sent and American trade and prestige generally. But, fortunately, this type is offset by the fellow who goes

back home. In still other cases world business hinges upon a first-rate executive capable of living abroad the major part of his business life.

Cut and try, cut and try, and cut and try again, is the rule in building our most efficient business organizations at home.

To cut and try repeatedly, with persistence, patience, intelligence and ingenuity, is even more necessary in world trade organization.

#### ARTICLE X

#### SOUTH AMERICA GETS U. S. CAPITAL VIA EUROPE

BUENOS AIRES, Sept. 6.—A good deal of the "foreign" capital soon to pour into Argentina, and Latin America generally, for the development of re-

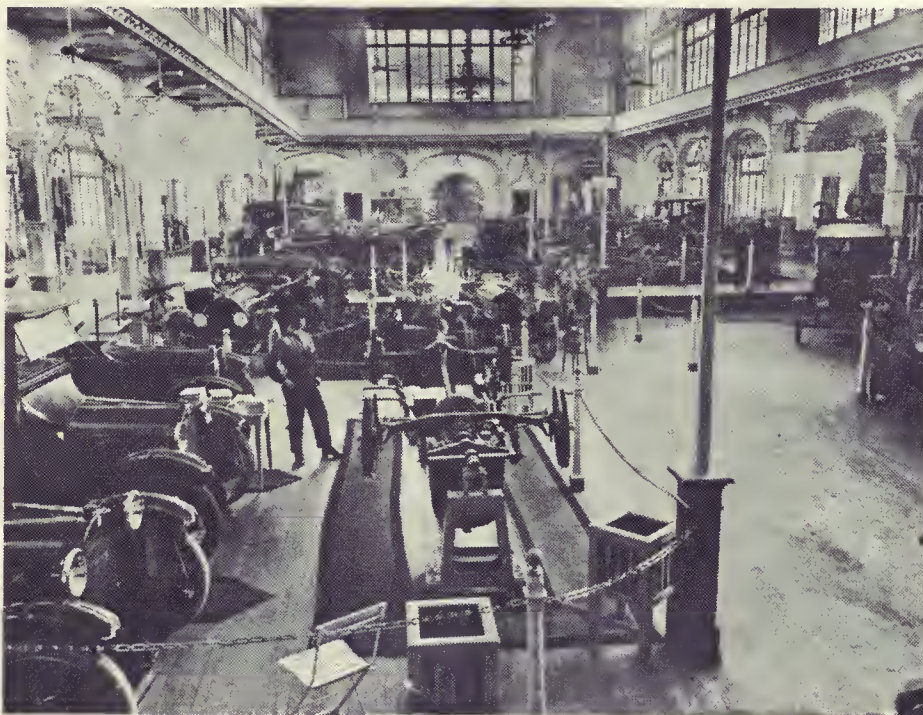
sources and trade will be American capital in reality, it is said. For the enterprise promoted and financed in London, Paris, Antwerp or Rome will often be carried out with money borrowed in New York. Therefore, it is suggested that our bankers, in making loans, might introduce a "favored-nation" clause into contracts, specifying that when equipment or materials are bought for the Argentine enterprise our manufacturers be given the opportunity to bid and be awarded the

contract if our prices are favorable. Otherwise much of the purchasing may be done in the countries promoting the enterprise with American money, regardless of price.

When Buenos Aires has an illumination—and it does frequently to celebrate holidays—small electric lamps are placed in patterns outlining public buildings and cumbersome ornamental lights hung along the Avenida de Mayo. Outline lighting with ordinary incandescent lamps is even carried to the grass plots in the plazas.

#### CHANCE IN ELECTRICAL FIELD

THERE would seem to be an excellent chance for our electrical companies to sell the idea of flood lighting, and the equipment along with it—effects like those developed at the San Francisco exposition, whereby low-power searchlights



BUENOS AIRES AUTOMOBILE SHOW FEATURED BY AMERICAN CARS

abroad enthusiastically, prepared to like the country and the people, and mingle with them, and enjoy their very differences, and stay indefinitely. In between there is still another chap who can stay two or three or five years, profit by his experience, and then return home to become an invaluable man.

Length of stay likewise depends upon the nature of the business. In some lines the American sent abroad is at his best on comparatively short trips from country to country, visiting branch managers and representatives on the spot. In other cases world trade runs to organizations abroad made up partly of Americans and partly of employes drawn from the country, and the organization thrives best where a constant succession of fresh Yankees are sent for periods of two or three years, stimulating the organization board, and bringing valuable experience



bathe buildings, monuments and whole streets in light, and by color combinations it is possible to get many different effects. A good beginning could be made by flood lighting some of Buenos Aires' beautiful fountains.

In Argentina, like most countries except our own, with its "match trust," matches are expensive and regarded with a wholly unnecessary reverence. The only kind purchasable are the tiny wax vestas, British style, at two and a half cents for a box of about forty, with occasionally some safety matches of war

#### NEED BETTER CORN

THE Argentine farmer raises fifty and one hundred bushels of corn to the acre, and sometimes boils a few ears of flint or dent for the table when tender, but does not know real sweet corn in its many fine varieties. The Buenos Aires seedsmen from whom he buys garden seed may list one or two varieties, not the best to begin with, and run down through lack of skillful seed selection. The use of specialties and novelties in garden seed, which is the life of our own seed trade, seems to be unknown.

If American seed concerns could make

tion given is that most of the varieties tried have proved unsuitable, being imported from Europe, particularly the southern European countries, from which Buenos Aires seed and plant importers come themselves. Apples can unquestionably be raised in suitable sections of Argentina with and without irrigation. Out of our own wide variety of apples, as well as our horticultural experience, we could supply just what is needed for a given section, soil or market. There is evidently opportunity to do business with Argentina in American nursery stock, and perhaps to establish branch nurseries in the republic itself.



PARADE OF WEST POINTERS OF ARGENTINA

quality, of which three or four must be struck to get a light.

The idea of a whole box of honest-to-goodness bird's-eyes, 500 of them, for a dime or so, is strange. But why should it be so? The Argentine Government claps a tax of half a cent on each tiny box of vestas, but does not make matches a government monopoly as in some countries. Evidently there is an opportunity to sell Argentina either American matches or American match-making machinery—the vestas are made in the republic from imported materials.

arrangements to send small parcels of seeds to Argentine customers, passing the quarantine inspection at the customs house, or, better yet, fill orders from stocks carried in Buenos Aires, such toothsome specialties as Golden Bantam and Country Gentleman sugar corn would quickly create good will among the Argentinos and make a reputation for American seeds such as they enjoy in India and other parts of the world.

As with garden seeds, so with fruit trees. Red apples from Oregon are sold in Buenos Aires at fifty cents apiece because Argentina has not yet developed an apple-growing industry. The explana-

#### MUSIC OF THEIR OWN

THE Argentine tango, as written, is a simple melody into which the performer introduces most of the rhythm. When our player-piano industry found customers in the republic the latest tangoes were sent to the United States to be cut in perforated rolls. We cut them just as they were written and sent them back, perhaps with our own suggestions as to rhythm and time. When the Argentine purchaser tried these rolls on his player-piano he asked, in bewilderment, "What is it?" Now the latest tangoes are cut in Buenos Aires.

A native composer takes the simple





CALLE FLORIDA, FASHIONABLE AVENUE OF BUENOS AIRES. EXAMPLE OF NARROW STREETS IN OLD SPANISH QUARTER

melody, makes a completely new arrangement of harmony, rhythm and time and produces a roll that is the true tango. Which is just as it should be, and there is nothing to add except this—that while the Yankee in Buenos Aires soon grows very partial indeed to the true tango, and the Yankee at home would like it, too, the Argentino-cut tango rolls are not purchasable in the United States. This is also true of Argentine tangos reproduced for the phonograph in Buenos Aires.

Buenos Aires theatrical managers scout for vaudeville talent in New York, and a Friar or a Lamb is likely to meet a "show shop" friend on any corner of the Avenida de Mayo. New York might well go scouting in Buenos Aires' many small theatres for talent peculiar to the country and new to our own theatre audiences. One of the big successes of the Argentine capital last winter was a trio of male singers performing gaucho songs to guitar accompaniment.

These songs of the people, often old and rich in native poetry, were rendered with a singing art that made them quite independent of language—they are in Spanish, of course. The tango orchestras of Buenos Aires restaurants are as distinct in their way as the Hawaiian and marimba orchestras which have been successful in our theatres the last few years. Good theatrical scouting during a Buenos Aires winter would not only reveal novelties, but bring Argentina closer to the American public. Buenos Aires' taste in opera has led to the discovery of famous singers who later made successes in New York. Its taste in other lines may be trusted.

#### HELP FOR MILLIONAIRES

ARGENTINA needs somebody to teach her many millionaires how to give money away constructively. More than one American college and institution has its teacher in constructive philanthropy who calls upon our own millionaires. "How much money do you want today?" the latter ask, nervously, when they receive him. "None at all," is the reply; "I'm here now to find out your interests and later we will make a definite request."

Some weeks after, perhaps, the college finds that it can enlarge a certain department, giving tuition to 500 additional students for \$50,000. Then the teacher-cannasser returns to his millionaire, ex-

plaining the plan and saying, "We'd like to have you give the money, but we want you as well—want your friendly interest and guidance in teaching these 500 young people." Argentina millionaires are generous, but not as imaginative as they might be. Argentina needs a big engineering institute. She needs "fresh-water" colleges to offset her government university, fine as it is. She needs educational projects, housing projects, health projects and many other things of the sort that our millionaires are interested in.

Apart from ranching, racing, travel, society and the opera, it is said the average Argentine millionaire has few outlets for his money, time and ability. A Buenos Aires night course for millionaires in constructive giving and human service might be well attended!

#### SPANISH LABELS NEEDED

SEVERAL hundred American business concerns now market their products in Argentina and Latin America generally. There must be thousands of American consumer articles in growing demand. Yet only once in three times do labels, boxes, wrappers and printed literature bear any information in Spanish. Where the American manufacturer packs specially for the southern continent he usually has a circular in Spanish or Portuguese, and it is as well gotten up as similar literature in English.

But if no effort is made along this line, then the product circulates in South America with its North American language and appeal. That is, it circulates against every disadvantage. Possible customers cannot find out the nice points in quality or use. They can learn nothing of the concern that makes the stuff and they know nothing about other products that it makes.



THE AVENIDA DE MAYO WHICH SHOWED BUENOS AIRES HOW TO OPEN UP NARROW STREETS TO MODERN TRAFFIC



If the product has just begun to make a Latin-American demand for itself, through an order for a gross or two, placed by a retailer catering to people in the American colony, and Latin Americans try it on recommendation of American friends, the absence of printed information in their own language may check what might otherwise be a growing demand—slow, perhaps, but sure. If your products go to the southern continent even in dozen lots, on freak orders, it will pay to take the trouble to include some information in the languages of those countries, however brief.

It will pay even better to remember that there are only two continents in the world largely dominated by a single language, one being our own and the other South America, and that consumer goods may turn up anywhere nowadays, with the world ramifications of trade, and to make certain that any single unit in your production that happens to turn up in a Spanish-speaking country will, by the inclusion of suitable matter on labels or circulars, be capable of speaking for itself in the language of the people.

#### INTRODUCING BASEBALL

ONE of the best psychological exports we can make to Argentina just now is American baseball. A generation ago Argentinos did not know the word "sports," but today the word is part of their language, and the thing itself is also represented in their daily papers by football, tennis, track and other sporting records.

Rugby football is popular and reflects Argentine admiration for the British. Baseball would undoubtedly become as popular as in Cuba and Porto Rico if demonstrated regularly over a period of a few years. A decided uplift was given the national game in Argentina when our warships touched there and teams of sailors went ashore to play teams from the American packing houses. That led to the organization of a packing-house league, and now the young Argentine has become sufficiently familiar with the game to like its speed and action and sit on the fence and root.

Some day he will take a hand in it himself. In the meantime, when you select that branch manager or production man for Argentina,



after being certain that he knows Spanish, find out if he pitches or plays a good shortstop.

#### ARTICLE XI

#### AMERICAN TRADE MENACED BY GERMAN COMPETITION

BUENOS AIRES, Sept. 10.—On the morning the peace treaty was signed a German salesman in Buenos Aires, who had been drawing his salary since August 1, 1914, started out to call upon former customers of his house with his 1914 samples. His goods are a line in which Germany excelled before the war, and they led the Argentine market in reputation and sales. He offered to fill uncompleted orders of 1914 within three months at a substantial advance over 1914 prices, but decidedly below current prices of American goods, which during the last three years have gained a firm foothold in Argentina.

An American house in this same line has its representative in Buenos Aires. Some of the largest Argentina importers are German in origin and sympathies. When the American salesman came around they told him that his prices were now too high, because they could obtain goods from Germany almost as soon as new orders could be shipped from the United States. The American cabled this information to his house, and was told that prices were more likely to be advanced than reduced.

#### TEUTONS RUSH TO ARGENTINA

THAT took several days. When the American salesman called upon his Argentine customers again and told them his prices might advance they promptly placed orders for German goods!

At this writing the German is certainly active in Argentina. He has been there all through the war. To be sure, one seldom met a German after the first year of hostilities, when real war issues emerged—sometimes he took advantage of Argentine birth and honestly became a "porteno," and again was of neutral nationality, carefully explaining to account for his accent. But he has been on the spot and on the job, with his money drawn out of world trade for the time being and very often invested in Latin-American government securities.

Moreover, new Germans are arriving now with every steamer available from neutral European ports.

German goods are also arriving, and Argentine business houses backed by German representatives skillfully make use of that fact when they dicker with salesmen of other nationalities.

But, while the Germans may eventually "come back" in Latin-American markets and are already making determined efforts to do so, there are certain indications that the way must be long and hard for them and that their day has not yet arrived.

#### OLD STUFF OFFERED

WHEN one of the first German shipments reached Buenos Aires Argentine buyers were told that 500 tons had arrived. This shipment was cutlery, much needed in Argentina just then, and in many lines of which German houses had maintained superiority over both British and American goods. Investigation at the Customs House disclosed, however, that the shipment consisted of only twenty-four cases, and when the

goods were unpacked and examined it was declared by experts that they were of pre-war manufacture and had unquestionably been held in anticipation of peace for skillful use in a fresh invasion of neutral markets.

With even such a slender stack of pre-war chips the German re-enters the game and bids boldly. As manufacturing costs upon such small quantities of merchandise mean



PAVILION OVER LAKE IN ONE OF BUENOS AIRES' PUBLIC PARKS



nothing to him, he sells at 1914 prices, with two objectives: First, to secure orders for new merchandise as soon as it can be manufactured in the fatherland, and, second, to upset his competitors' market by causing buyers to hesitate before ordering.

After the armistice, merchants in the United States withheld orders for merchandise in the belief that prices would come down. Six months of uncertainty and dickering demonstrated that prices were more likely to advance than come down in most lines, and that withholding of orders simply put buyers at a disadvantage when purchasing was resumed in a broad way. As this article is written, representatives of American houses in Buenos Aires are receiving cable announcements of advancing prices almost daily. At the same time the Argentine buyer seems to be going through some such psychological experience as our own buyers after the armistice. He believes that prices ought to come down, and, therefore, withholds large orders.

### ARGENTINOS WAITING

**H**IS purchases are made as nearly from day to day as is possible at a distance of 8000 miles from manufacturing centers, and he waits for the situation to clear up definitely before laying in normal stocks and going after business in an aggressive way. When the German representative appears with his little stack of chips and his bold bluff, naturally it has its effect.

There is something significant and illuminating in this. When he approaches the Argentine buyer with uncertainty as a commodity rather than merchandise, he is truly marketing the leading product of Germany itself at present, which is—uncertainty. Before orderly production can be resumed in the fatherland raw materials must be obtained, chiefly in allied countries and through allied shipping, at present inadequate for the industrial needs of the Allies themselves. Moreover, Germany faces grave political, financial and labor problems, all retarding resumption of manufacturing. Furthermore, when goods are ready for shipment they must go largely in allied ships.

As seen in Argentina, emerging from the war, the first thing about the German that strikes one forcibly is his uncrushed resolution, his determination to work, and his willingness to begin anywhere. Likewise, his willingness to face the business facts without bias and begin again under all the handicaps. The facts as he sees them are that time must count in his favor—prejudice against himself and his goods will not last forever, and are at this moment worse than they will ever be again.

Five or ten years will change all that, he reasons, and he will spend those years working at whatever turns up. The first thing that turns up is something he him-



IGUASSU FALLS—ARGENTINA'S NIAGARA  
ABOUT TO BE DEVELOPED FOR  
WATER POWER

self turned up even while the war was going on—namely, having capital and time and ability he turned to the soil produce and manufacturing industries of Argentina itself, and became a merchant, a broker, a manager, a manufacturer, a promoter, a banker. During the war he was perhaps on the Allies' blacklist. But now the manufacturers and merchants of allied countries may find that he offers the best door into the market.

Down in his secret soul he might prefer to deal with Germans and handle German goods. But facing the situation strictly on the facts, with shelves to be filled and customers satisfied and profit made, he is willing to order allied goods. The idea of boycotting the German all over the world has usually been put in terms of refusing to purchase from him.

### GERMANS AS CUSTOMERS

**W**HEN he turns up as a customer, however, that is manifestly a different matter. The German will be a customer for neutral and allied goods until his own country can supply him, and even then, where other goods have been established in the market, will still go on the facts and handle them. As a



seller he is likewise often strongly entrenched in handling the raw materials needed by the allied countries.

Even in the sale of manufactured goods from Germany itself, allied business men, in Argentina at least, are frankly asking themselves if they might not as well profit if the German is disposed to sacrifice values for the sake of gaining a new foothold—isn't it really a form of patriotism to take the profit thus offered? they reason.

How long it may take to overcome rancor in Europe itself between German and Frenchman, German and Pole, German and Briton, the writer is not in position to estimate. But in a neutral market like Argentina the lines of nationality already begin to blur. Business is a matter of individuals, not nationalities. The German starts all over again with the vigilant Briton and Yankee watching him on one side. But on the other he deals with his fellow-German and business man from neutral countries.

He starts as the under-dog. There is always a certain sympathy for the under-dog, and he knows it, and even overplays the part in his humility. There is every reason to believe that the German will not only come back in Argentina during the five to ten years of prosperity which seem just ahead of her, but that business and other restrictions imposed upon him may even do much to help him along.

### ARTICLE XII

#### PROPAGANDA AGAINST U. S. GOODS IS MERE GOSSIP

**B**UENOS AIRES, Sept. 12.—For months past Americans concerned with world trade have insisted that there is strongly organized anti-American propaganda in world markets, especially Latin America, and more specifically that this opposition is largely British, reflecting John Bull's apprehension over the foothold gained in world trade by America during the war.

This being clearly something that meets Carlyle's formula, "important if true," the writer took steps to investigate it immediately upon arrival in Buenos Aires. The first step was an article contributed to one of the English dailies in the Argentine capital, reviewing the rumors and stating a personal belief that publicity would cure the trouble if it really existed.

This led to discussions with both Americans and Britons who have been in Argentina during the war—men of various opinions, from the apprehensive Briton and Yankee, perhaps both after the same order, to the man of either nation in position to view the subject with some detachment.



### PROPAGANDA CHARGED

"THE British are out to drive us from this market," the most apprehensive Yankee would say. "They have an organized propaganda against Americans and American goods. Just talk with any one who has been here a little while and they will convince you."

"What form does it take?"

"Why, they tell buyers of merchandise that American goods are badly packed, not true to sample; that if they buy from us they will have to send cash to New York, and that after paying for their merchandise it will arrive damaged, short and pilfered. When we go out to sell, the buyer is prejudiced against us."

"Have you proof that the British are circulating these rumors?"

"No, we can't prove it, of course—but we all know where they come from."

"Have American houses done any of the things charged against them?"

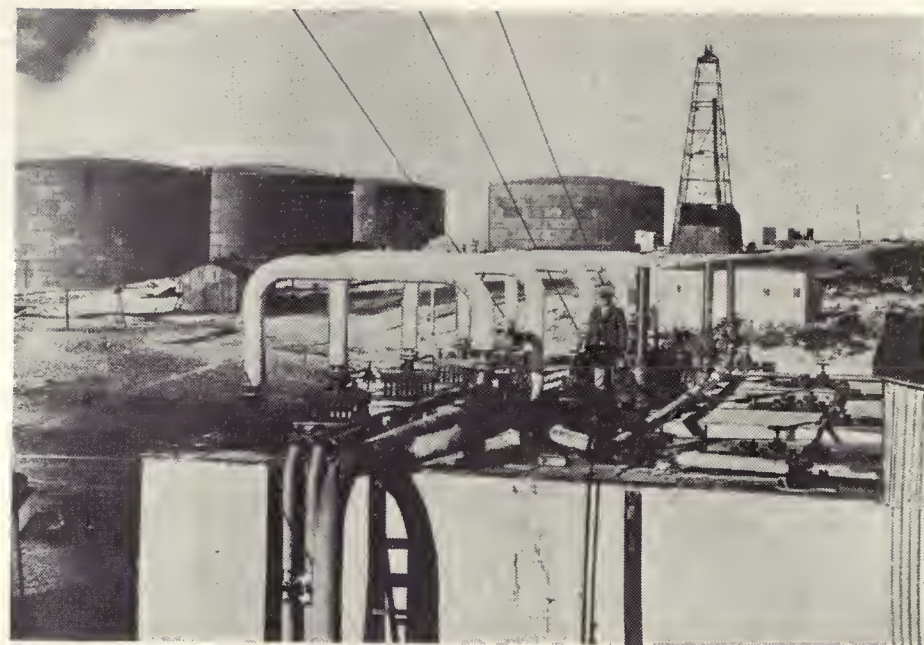
"Why, yes; there have been complaints. Some American houses demand cash in New York, and among several thousand American export houses which sprang up during the war there have been mushroom concerns. Then the dock strike here in Buenos Aires last winter tied up whole cargoes of goods at Montevideo, some of which have not come through yet."

"Isn't it possible that we Yankees ourselves have done much to create this fancied propaganda; have any of our competitors put their charges in print?"

### CONSUL REPORTS TELL STORY

"NO—not openly, anyway."

"Well, if I were either a competitive salesman, with an interest in depreciating American goods and busi-



TANKS AT COMODORO RIVADAVIA, ARGENTINA'S NEW OIL DISTRICT

ness methods, or an Argentina buyer maneuvering for price concessions, it would be easy to find all this propaganda in printed form. Simply get our consular reports and export trade journals and you have it. We ourselves have been saying just these things in print for years. Moreover, if one wishes to start an anti-British propaganda, John Bull's consular reports and trade journals would furnish just as good material."

Buenos Aires is undoubtedly full of anti-American propaganda. But it is also full of anti-British, anti-German and other "anti" propaganda. To definitely put one's finger on it anywhere is difficult, because it takes the form of whispering and gossip.

Wherever American business men come into competition at home there is just about the same sort of whispering. At home Jones's salesman would not say anything against Smith's goods, but—Smith's salesman never discusses competitors—but concerning Jones's stuff. The buyer plays Jones against Smith, of course, and it is all part of the game—at home. But let Jones be British and Smith a Yankee, in rivalry for an Argentine order, with Schultz, a camouflaged German salesman, after the same order, and all this competitive gossip is immediately focused sharply on lines of nationality. It is no longer Jones who says these dreadful things about your stuff, but the British, and no longer Smith, but the Yankees—and meanwhile the Argentina buyer and the submerged German salesman chuckle!

### COMMERCE CHAMBER ACTS

FROM time to time impartial Americans and Britons have tried to get this gossip out into the open. The Americans have said, "Bring us definite complaints of bad American business methods and we will obtain redress for those injured—our government and Chamber of Commerce at home have machinery for just that purpose." But no complaints have been forthcoming because practically every Argentine concern with a grievance has already submitted it to our Chamber of Commerce in Argentina and got satisfaction. And the Britons have been at pains to express good will officially, both through their government agencies and trade organizations and individual executives.

There is considerable petty "sniping" between Britons and Yankees in Buenos Aires. Two daily papers published in English, chiefly for the British colony, established before the Yankees came, fre-



AN OIL TANKER LEAVING DOCK AT COMODORO RIVADAVIA



quently put news items in irritating terms of nationality. But there is also a weekly publication in English that "snipes" for the Yankees, and apart from the fact that the British journalist can shoot oftener, matters appear to be about even. It is all on a decidedly low level, and the odd thing is that neither side seems to see the possibility of "Fritz" using it against both of them for his own advantage.

The coming year will be one of radical trade adjustments in world markets. British goods have been temporarily replaced by Yankee and Japanese goods. The British are naturally apprehensive just now, while picking up old connections, and in the heat of direct competition may strike out wildly. Both the Yankee and the Japanese are going to lose some of the easy trade secured during the war through inability to compete either in quality or business methods, and they will also strike out wildly.

#### MOSTLY SALES ROUTE GOSSIP

THUS a very little gossip along sales routes can easily be magnified into "propaganda." But some detachment and common sense will show that propaganda usually comes home like a boomerang and hits the fellow who started it. None of this gossip-mongering in individual world markets in any way involves good understanding and team work between John Bull and Uncle Sam as nations, or even between British business as a whole and American business as a

whole. But each nation and each business community may well take steps to deal with local rivalries so that all their energies will be organized for team play in the real game—which is that of so expanding world markets by development of resources that there will be business for everybody, and then some.

Let us close the subject with an example of team play:

A big American corporation entering an important world market found that its trademark had been registered there for the purpose of blocking its entry. This information was secured from a merchant in that country anxious to purchase American goods.

The American corporation investigated and found that the trademark of its chief British competitor had also been registered by the same hostile interests. The British were unable to ship goods, and had the American concern gone in, recovered its trademark rights and begun business, obviously the British would have been at a disadvantage when peace came. The American company, however, cabled the facts to its London branch, which laid them before the British concern, and Yankee and Briton joined hands in recovering their trademark rights in that market.

Against that sort of spirit whispering propaganda is powerless, even where it really exists, and that is the spirit which unquestionably dominates the real business world in the United States and Great Britain.

#### ARTICLE XIII

#### PHILADELPHIA FIRM GETS EARLY START

BUENOS AIRES, Sept. 14.—Chester-ton once said that ours was a topsyturvy age, when a merchant or an ironmonger could be more powerful and wealthy than kings.

Along that line, what do you think of a Philadelphia import man coming home from Buenos Aires by way of Lisbon in the kaiser's yacht?

It is as real as it is paradoxical. The import man is Francis S. Gallager, representing the Philadelphia house of Lawrence Johnson & Co. He has been investigating Latin America for his house the last few months and, because passage direct to the United States is difficult to obtain, will go by the way of Portugal and Spain. The kaiser's yacht is now the S. S. Meteor, in a British steamship company's service.

Mr. Gallager's concern is no mushroom affair hastily cobbled together during the war, but thoroughly representative of Philadelphia's business solidity, having a record of sixty years in the importing of Latin-American products. Eighty per cent of all the glazed kid leather produced in the United States is made in and around Philadelphia; so this house imports goatskins from Argentina and Brazil. Philadelphia also tans other leathers, for which this house imports cattle hides and sheepskins, together with wool.



ANOTHER VIEW SHOWING THE NEW PETROLEUM OIL FIELDS AT RIVADAVIA



### PHILADELPHIA DEALS ALONE

WHEN a concern of this experience decides that the time has come for also embarking upon export business, there must be reality behind our world-trade aspirations. Mr. Gallagher was sent to the southern continent not only to organize export facilities, but on a commendable policy. The average import representative in Latin America will handle a dozen or more lines of American goods made by scattered houses—one in Philadelphia, another in Chicago, another in Rochester, another in Hartford, and so on. Scattered both in location and nature, there is often difficulty in securing prompt shipments and doing business generally. In its new export business the Philadelphia house will confine connections to the Quaker City and its neighborhood, so that filling orders and keeping promises will be a matter of direct dealing with business concerns right around the corner. You have to go south and hear hard-luck stories from importers' and manufacturers' representatives to appreciate what an improvement this direct dealing can effect. As Philadelphia has 18,000 separate factories with 300 different industries making everything from ships and locomotives to hatbands and thumbtacks, it offers export possibilities more national than municipal in character. And the opportunities for well-organized and well-managed exporting to Latin America are so great, Mr. Gallagher finds, that he believes his house might even go the length of transacting business through its own steamship lines.

His investigations cover Brazil, Uruguay and Argentine thus far, but in each country he has established branches. His experience in Buenos Aires was typical. First he had to find a competent branch manager, and after considerable scouting around discovered Robert F. Knutty, a Swiss business man with long experience in Argentina, speaking Spanish, French, English and German. Inquiring for offices, he was told that nothing could possibly be obtained in the overcrowded Argentine capital. But after a little quiet scouting he secured three rooms right in the center of the business district during a ten-minute interval while somebody was moving from one building to another.



Then he wanted a telephone. "Impossible!" everybody said. "If you get one in six months you will be lucky, and more likely it will take a year." Mr. Gallagher believes in advertising. He advertised for a telephone and somebody who was moving sold him a residence subscription, which, with great difficulty, was finally installed. Similar obstacles were overcome in getting typewriters, stenographers and other necessities. When Mr. Gallagher leaves Buenos Aires the little business will be doing quite well!

### SHIPPING FACILITIES NEEDED

ASKED for his impressions, he said:

"In Brazil I visited Pernambuco, Bahia, Rio de Janeiro, Sao Paulo, Santos and Porto Alegre, traveling sometimes by steamer and again by rail. On the steamers we were often three and four passengers in a room, which impressed upon me the need for prompt and careful attention to better freight and passenger facilities in South America. Our trade cannot be expected to expand with any great rapidity if it is continuously difficult to get freight accommodation for merchandise or comfortable passage for the business man. Such difficulties retard growth.

"The railroad from Rio to Sao Paulo and Santos is probably the best in Brazil, with sleepers, diners and saloon cars combined with fair speed, and leaves a rather pleasant remembrance, particularly if showers should settle the dust prior to starting. As much cannot be said for

the ride from Porto Alegre to Rivera, the latter place being at the Uruguayan border. Narrow gauge, slow speed with innumerable stops, does not make the trip one of pleasure. Indeed, a far-traveled man made the statement to me in Rio that he considered it the worst railroad in the world, claiming that through lack of tunnels and bridges the distance was extended enormously, the line running around obstacles instead of going through, over or under them. This was illustrated by the fact that a certain little flat-topped hill was in our view for an hour or more as we traveled, first appearing on one side of the train and then on the other, changing continuously. The engineer who constructed the road evidently had an attachment for that hill, judging from the reluctance with which he took the line out of its vicinity.

"While in Porto Alegre I made inquiries looking to a visit to Pelotas and Rio Grande, but I found the infrequent and irregular means of communications scarcely permitted my doing so. Therefore, I passed them by. I was told that a quicker trip could be made between Porto Alegre and Rio Grande twenty-five years ago than today. This may sound almost incredible, and yet the statement was made by a well-known Brazilian business man, who freely admitted that Porto Alegre was not progressing as it should, primarily due to the trouble of getting in or out of the place.

### IMPROVE RAIL CONNECTIONS

"I SAY this not in a spirit of fault-finding or criticism, but rather with the idea of drawing attention to what is only too palpably hindering the growth of the country. There should undoubtedly be an influx of American initiative and capital, which would act as an instant stimulus all along the line. The business men of the

States know only too well the importance of regular, frequent and speedy communication between trade centers. What holds good at home is equally applicable abroad. There should be a good railroad connecting the important Brazilian cities, and the induction of such would undoubtedly stimulate business at once. It would appear that Brazil is almost untouched, with her raw stocks awaiting the neces-



APARTMENT FOR FAMILIES ON ARGENTINE RAILROAD CARS



sary development that would undoubtedly come with the introduction of foreign capital. Our western packers have been keen enough to see the advantage of lower Brazil as a cattle-raising country, which some think will eventually become one of the best in the world. They, therefore, have established their plants at various points in the district referred to.

"The Brazilians are good business men and, considering that the country has a population of 25,000,000 or more, it behooves America to look carefully after trade with our Portuguese-speaking friends.

"Uruguay is a progressive land. Judging from the many American flags displayed in Montevideo on holidays and special occasion, one could not be blamed for believing that the far-off republic has a warm place in her heart for the United States. Her people are very likable from a social standpoint, while some have claimed they are one of the safest people in South America to trade with.

"As to the Argentine, I cannot say much at this time, due to being preoccupied since my arrival, which has prevented my traveling through the interior. The many ships seen in the harbor of Buenos Aires all attest to the fact that a large trade is transacted here. Business was naturally upset by the war and later by numerous strikes. With both causes of unrest done away with, many think the Argentine is on the eve of unparalleled business. The city of Buenos Aires, with a population of close to 1,750,000, is a progressive, cosmopolitan town, the gateway to the Great Beyond. My remarks relative to Brazil and American capital apply with equally as great force to the Argentine. Opportunity unquestionably awaits those who are quick enough to see and act.

### THREE VITAL POINTS

"REGARDING trade with Brazil and the Argentine as concerns the American business man, there are three thoughts that I should like to bring out prominently:

"First. The running of good-sized vessels flying the Stars and Stripes, with proper accommodations for passengers, such vessels to follow a regular schedule. Some contend there should be a weekly service,



stopping at all the large ports from Pernambuco down. But a semimonthly fast schedule, calling at Rio and Buenos Aires only, would permit a hurried business man who wanted to go to either one of the capitals to do so within a reasonable time. It is claimed that the trade with these two cities would support such a service. A man going to Chicago from Philadelphia does not care to use an accommodation train; neither does a man wishing to travel to Buenos Aires care to waste the time necessarily consumed in stopping, discharging and loading freight at each port, which is necessary with the vessels that make such calls. There is no question whatever that there should be one or more American lines running to the east coast of South America, with vessels that would be a credit to the nation they represent. The sooner such a service is inaugurated the better.

"Second. The American method of doing business in South America has come in for considerable criticism, much of which is justified. Samples have been sent out, and when orders were given based on them, what was shipped proved entirely different. The old complaint of improper packing still greets one. England, France, Italy, Spain and Germany have been in these fields for many years and have granted time to their customers. If we hope to successfully compete we must give equally as good conditions, ca-

tering to the buyer's wants, and not try to force him to take something that he does not desire. That, of course, does not mean that no attempt should be made to introduce something new; but when a man in South America orders black stockings, for instance, he does not want or expect to get white ones, and this irregularity is just exactly what took place, particularly during the war. Then the southern buyer was helpless, but with the return to these markets of the other countries, who were forced largely to drop out during the great conflict, the situation changes immediately. The other nations will follow the buyer's wishes, and if we do not it is inevitable that the trade will swing back to where it was prior to the war. We have the opportunity of a lifetime—see that it is not lost through carelessness.

"Third. From what I have been able to gather, many of the men sent in the past to the Land of the Southern Cross, as representatives of American houses, have not been of the caliber either to build up a business or inspire confidence. A firm is very often judged by the bearing of the person who speaks for it. Therefore, the man sent to undertake such a mission should be qualified by age, experience and ability to handle the matter properly. Tact, patience, good nature and equally good manners are prime necessities if success is to be expected. Needless to say, a knowledge of the language of the country with which one is attempting to do business is of first importance.

"Whatever the American business man starts out seriously to do he generally accomplishes. If he has made up his mind definitely to go after the South American trade, I feel sure his efforts will be crowned with success. The field awaits him—this is the psychological moment."

### ARTICLE XIV ARGENTINA HAS MANY NATIONAL HEROES

**B U E N O S**  
AIRES, Sept. 17.—The Argentine knows Washington and Lincoln, our Declaration of Independence and at least the outline of our national history. Having a history of his own, with its outstanding personalities, he wonders that few Americans have



ARGENTINE DINING CAR. SHOWING AMERICAN PLAYER-PIANO



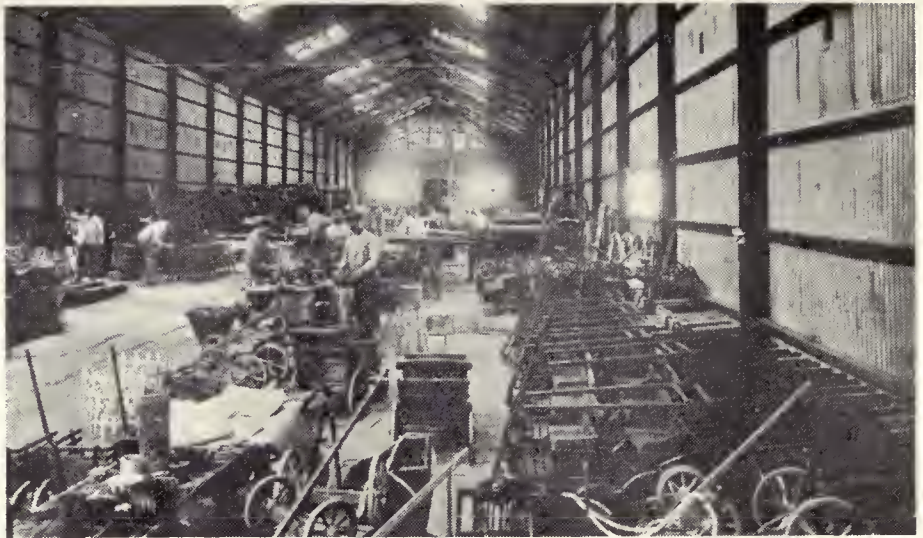
heard of San Martin, Belgrano, Moreno, Bartolome Mitre, Sarmiento and Rivadavia.

The story of Argentina can be outlined in the lives of her historical leaders.

**SAN MARTIN** was the Washington of Argentina, and his feat in crossing the Andes to defeat the Spanish army in Chile is unique in military history. Napoleon crossed the Alps at an altitude of less than 8000 feet, while San Martin went over the Andes at a height of nearly 13,000 feet, where men and horses suffer from terrible mountain sickness. Jose de San Martin (pronounced Sahn Marteen) was born in Argentina in 1778, the son of a Spanish army captain, given a military education in Spain, fought for Spain against France and in 1812 returned to Argentina, where he soon rose to command of the national army fighting for freedom.

#### CROSSES IN THREE WEEKS

**T**HE Spaniards were still strong in Chile and Peru. San Martin collected 4000 gauchos, equipped them with arms and provisions and transport against great difficulties and, after preparations lasting two years, crossed the Andes in three weeks, deceiving the Spanish general as to his real route, and on February 12, 1817, completely destroyed the Spanish army. The independence of Chile was proclaimed, but Peru remained a Spanish stronghold. Then San Martin organized a navy with the help of Lord Cochrane, an English naval officer temporarily in disgrace at home. Lord Cochrane landed the Argentine and Chilean armies at Callao in 1820; the Spaniards withdrew from



BUENOS AIRES DEPARTMENT STORE MAINTAINS OWN TOY FACTORY

Lima; San Martin proclaimed the independence of Peru, and a little later Bolivar defeated the Spanish army and Peru was made free from Spanish dominion. San Martin died in France in 1850, but his body lies in the Cathedral of Buenos Aires. He believed in independence, but not in republics; and, as Latin-American sentiment was overwhelmingly democratic, he withdrew to Europe to end his days.

**BELGRANO** was in some respects the Ben Franklin of Argentine independence; but a soldier instead of a philosopher. Born in 1770, Manuel Belgrano led an army of young men in defense of Buenos Aires, which had made a start toward freedom by setting up an assembly, and in September, 1812, aided by reinforcements of gauchos, defeated the Spaniards in northern Argentina. A year later he was himself defeated. In

1816 a congress of the Argentine provinces met at Tucuman, where Belgrano appeared, urging independence. This was declared on July 9, 1816, since a national holiday. Belgrano died in 1820, and is buried in the historic church of Santo Domingo in Buenos Aires.

#### JEFFERSON OF ARGENTINA

**MORENO** was the Thomas Jefferson of Argentina and among the first to take steps for its independence. May 25 is the Argentine national holiday, the day of the first meeting of the Buenos Aires assembly, of which Mariano Moreno (born in Buenos Aires in 1778) was secretary. The assembly immediately founded an "official gazette of Buenos Aires," of which Moreno was editor. An ardent democrat, his articles therein stimulated the Argentinos in their fight for freedom. He also founded the national library. Sent to England on a diplomatic mission, he died at sea in 1811.

**RIVADAVIA** made Buenos Aires the capital of Argentina, helped defend it against the Portuguese from Brazil, and established water works, the University of Buenos Aires, and gave Buenos Aires its musical trend through the Philharmonic Society. Bernardo Rivadavia (1780-1845) was of Italian descent and a practical leader, building in detail upon the foundation laid by Argentina's soldiers and writers.

**ROSAS** was the next outstanding figure in Argentine history—but not a pleasing one. Juan Manuel Rosas, supported by the gauchos in the provinces, attained absolute dictatorship, organized a special police called the "Mazhorca" to hunt down his political enemies, and until his downfall in 1852 was a merciless tyrant. But out of his misrule developed a little band of patriots, exiled in Uruguay and Chile, who overthrew him and made a greater Argentina. Before conquering with the sword they wielded the pen, and one might say that the republic of today was founded by a handful of journalists.



CUSTOMS HOUSE AT BUENOS AIRES



MITRE was the chief opponent of Rosas. Born in 1821, Bartolome Mitre fought at seventeen in Uruguay, wrote against Rosas as an exile both in that country and Chile, and at thirty commanded the artillery in the army that overthrew Rosas. He was soldier, journalist, poet, historian and statesman during his life of seventy-five years, dying in 1906. His poems possess high lyrical qualities. He wrote lives of San Martin and Belgrano, and in 1869 founded La Nacion, one of Argentina's great journals. He was president of the republic in the sixties, and helped overthrow the dictator Lopez in Paraguay.

#### SARMIENTO LIKE LINCOLN

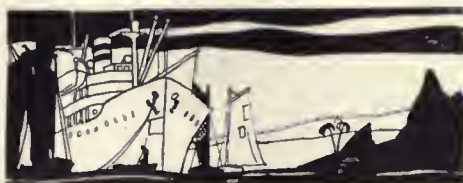
SARMIENTO was in some ways like Lincoln, in that, with limited schooling, he educated himself and rose to be president of Argentina. Getting hold of Ben Franklin's autobiography at sixteen, he took Franklin for his model. Born in 1811, Domingo Faustino Sarmiento was likewise an enemy of Rosas, helped in his overthrow, and when elected president in 1867 actively developed railroads, schools, the naval academy and the Argentine National Bank. He got much of his enthusiasm for schools during a visit to the United States and an acquaintance with Horace Mann, and in recognition of this bond the Argentine Government in 1913 presented Boston with a statue of Sarmiento.

The street names of Buenos Aires make possible a taxicab survey of Argentina's history. Besides the foregoing great men, there are streets named after Saavadra, first president of the republic; Liniers, who defended Buenos Aires against the English; the Avenida de Mayo, indicating Argentina's month of liberty, with another street especially named the Twenty-fifth of May; the Pasea de Julio, to commemorate the declaration of independence, its great men and its battles generally, with names for all the other Latin-American republics, and streets for the United States (Calle Estados Unidos), Washington, Franklin and Lincoln.

The Argentine national hymn, "Oid Mortales!" ("Hear, O Mortals!") is said to differ from that of all other countries in that, instead of abstract commonplaces, it is packed with actual events. Here is the first verse, in Spanish and English:

Oid, mortales, el grito sagrado,  
Libertad! Libertad! Libertad!  
Oid el ruido de rotas cadenas!  
Ved en trono a la noble igualdad.  
Se levanta a la faz de la tierra  
Una nueva y gloriosa nacion,  
Coronada su sien de laureles,  
Ya sus plantas rendido un leon!

Hear, O mortals, the sacred shouts,  
Of liberty, liberty, liberty!  
Hear the sound of broken chains,



Behold equality enthroned;  
Behold in the face of day arising  
A new and glorious nation,  
Her brows are crowned with laurel,  
A vanquished lion is at her feet!

#### ARTICLE XV

#### WHAT CAN AMERICANS DO TO AID ARGENTINA?

**B**UENOS AIRES, Sept. 22.—Roberto Campion was as tickled as a boy with his new American automobile.

We motored out over the winter roads of the Argentine countryside, Roberto driving. A kilometer of firm, dry, black soil, innocent of surfacing or drainage, would be traversed at thirty miles an hour, and then a half mile of water loomed up ahead.

Roberto knew all these mud holes. If they were only up to the hubs, he put the car through joyously. If they were up to the radiator, he got out and covered the latter with canvas to protect the carburetor, and we went through, sending a great wave ahead. If water and mud were still deeper and he was not sure of bottom, a big Argentine cart with wheels ten feet in diameter, hauled by half a dozen horses, waited to pull us out if we got into trouble.

"I learned this from a Yankee," he said. "Nothing but a Yankee automobile, with its excess power, built for rough country, will do it. When roads get like this in winter people around here put up their European cars. But we get through!"

#### AMERICAN CARS FIND FAVOR

**A**MERICAN automobiles have been going into Argentina in increasing numbers the last three years, and Argentinos, accustomed to the lighter powered, fuel-conserving automobiles of European makes, which are adapted for hard roads and slight grades in well-developed countries, have learned that the American car is better suited to the harder conditions in their campo and mountain districts.

On the heels of the American auto must come Argentina road development in American style. That is indispensable for our market, and also for Argentina. Once leave the pavements of any city in the republic and you are out on the virgin soil itself, waiting for road development from the very beginning. No great trunk highways cross the country, and even local highways are virtually unknown. With farms of 10,000 to 50,000 acres road building is often a matter for the estancia owner himself, and he is satisfied to lay out a plain dirt track, fill

some of the mud holes with straw and take to the high-wheeled cart when winter floods make motoring impossible.

Argentina needs American capital for road development. She needs American road-development methods even more. With us road development has been a matter of enthusiasm and education. The Argentino, just beginning to wonder what can be done about roads, stands where we stood twenty-five years ago.

But unquestionably he can profit by our experience, and if he will can save time and money by avoiding our mistakes.

#### NO MATERIAL ON HAND

**A**RGININE roads will run to enormous mileage and require popular understanding and support for finance through local bonds. In the richest farming section, where cattle, grain and wood are grown, there is absolutely no road-building material—not a stone to throw at a hen. So road materials must be brought in. Because good roads once built will immediately be used for motor-truck freighting, probably the road engineer would suggest concrete highways, or some equally durable construction. Against the absence of road-building materials there are certain advantages—no grades, no hills to be overcome, no freezing of the soil in the winter.

The Campion Brothers employ ninety men on their estancia, of whom five are busy most of the year repairing grain bags. Nearly all Argentina's wheat and corn is handled in bags, millions upon millions of them, all imported at high cost. The bags get cut and torn in handling, spilling the grain, and are piled outdoors in great stacks, where grain is exposed to weather and pests. Argentina has a few grain elevators at her ports, but a system of country elevators throughout the republic would save her millions of pesos every year—not merely in the cost of bags, but cheaper handling of grain, and therefore cheaper production. As in Australia, the building of a comprehensive system of grain elevators with closed grain cars would be paid for in a few years by the economies effected, and there are excellent prospects that American capital and experience will provide such a system during the next few years.

The small towns throughout Argentina lack water works and drainage. As a consequence, health standards in such places are low, and retard population and advancement. There is no reason why every small town in Argentina should not have its water system and sewers. Increase in health would quickly bring enough increase in population to pay for them.

#### MANY YANKEE RANCHERS

**A**MONG the owners of large Argentine estancias there is a good sprinkling of Yankees. Every Yankee rancher





FARM MACHINERY WAREHOUSE IN BUENOS AIRES

with whom the writer talked in Argentina had given some thought to schools. Throughout the countryside schools are not merely scarce, but almost universally absent. Farm employes are generally immigrants from Europe, without their families, and have all the shortcomings of roving laborers. The man with a family and children would be a better farmer, and ultimately a settler, securing land of his own. But before families can be attracted there must be schools, and the American estancia owner sees that clearly. Sometimes he points to a shipment of school desks and seats in the machinery shed, saying that this is as far as he has got, while again he intends to have a school on his property as soon as building material can once more be obtained.

When our own Chamber of Commerce was formed in Buenos Aires the manager ordered some furniture. On one of the leather-covered chairs a blemish was discovered. It proved to be a brand mark on the hide of the steer from which the leather was made. The chair had been fashioned in Buenos Aires, but the leather came from abroad.

"I'll re-cover it," said the furniture man when the blemish was called to his attention.

"No—we want to keep that chair just as it is," declared Manager Wisner. "That is an Argentine brand on an Argentine hide, shipped abroad for tanning and then returned. It is a most significant reminder of Argentina's need for home industries in many lines."

For several generations European capital has been pouring into Argentina, developing railroads, public utilities and agriculture. Through British enterprise in running narrow-gauge railroads into unsettled farming sections, Argentina has been provided with transportation to market sometimes in excess of present needs as to mileage, and must grow up

to her facilities. There is room for improvement in transportation service, however, which is naturally reduced in efficiency and stiff in cost at the end of the war. There also appears to be room for the building of railways to develop Argentina's mineral resources, and later, perhaps, farm lands which require irrigation.

Street railways, with gas and electric corporations, are a favorite investment for European capital throughout Latin America, and, as with railways, it is frequently suggested that American capital will find no room without duplicating activities. Yet some of these utilities are managed by Americans, and the transformation of horse cars into trolleys in Buenos Aires and elsewhere was often accomplished by Americans, who stepped in with money and engineering skill, took over the horse-car service, and sold it back to the European owners.

Ports are another favorite investment for European money, and the splendid development of harbors up and down the east coast of South America is usually due to the enterprise of European corporations in securing concessions, equipping the ports with modern cranes and railroad connections, and then enjoying virtually a monopoly. The ports are not all gone yet by any means, and growing American trade and shipping will probably lead to Yankee development of port facilities.

Real investment in Argentina has hardly begun, but the republic already has some of the characteristics of an old investment country. Other Latin-American republics have been bonanza lands in which high earnings on speculative investments such as mines and oil wells, subject to political disturbances, have attracted capital. Argentina's development has been in farming and transportation, stabilized by a government which, while hospitable to foreign capital, still shows

a disposition to limit profits. There have been genuine bonanzas in Argentine beef, hides, wool and grain, but their development has always meant the solid development of the country itself. Therefore, a good foundation has been laid for still further intensive investment.

## ARTICLE XVI

### CUSTOMS REGULATIONS REplete WITH DELAYS

**B**UENOS AIRES, Sept. 24.—An American salesman turned up in Buenos Aires with several trunks of samples. The customs house promptly halted him, went through the trunks and assessed the stuff at stiff tariff duties; it cost him several hundred dollars in our money to get into the country at all.

Had he studied Argentina's customs regulations before leaving home or, better yet, asked one of our branch banks in Buenos Aires or the United States commercial attache for a technical opinion on his line, many of the samples could have been photographed to show designs and a small service trunk of actual samples taken in at reasonable charges.

Another American salesman spent two weeks in Buenos Aires without taking his samples out of the customs house at all; they merely lay there in several big trunks while he investigated possibilities. When he got ready to leave the country he found that he must pay full duty on all his stuff for the privilege of having it lie two weeks on the wharf. His samples had been regularly declared to the officials as "firearms." He was told that had he declared them as "machine guns," which they really were, there would have been no duty.

### ROCKY ROAD OF RED TAPE

**F**EW details in Latin-American trade are so puzzling and annoying to the average American business man as customs regulations. From his standpoint these seem complicated, slow and unnecessary.

But from the standpoint of the Latin Americans themselves they are often reasonable, and when looked at from the other fellow's side will be better understood and more intelligently followed.

The first fundamental in the Latin American's viewpoint is that much of the revenue of the southern republics comes from import duties on goods. Accurately ascertaining and assessing duties not only protects the government, but protects importers and merchants who buy the stuff, so that they are on an even footing in prices. In addition to revenue, the tariffs are adjusted with a view to protecting home industries by increasing the duties where imported articles compete with home products. Next, some of the governments use the customs house to protect their people against



adulterated and injurious products, especially food and drugs. Argentina is an excellent example of that. Add the metric system and a certain disregard of the value of time, characteristic of the Latin, and a leisurely exactness in applying and interpreting regulations, and you begin to look through your export shipment through the other fellow's spectacles.

When your goods arrive at Buenos Aires they go through a routine which is elaborate and deliberate, but which you can facilitate by teamwork at many points.

They arrive in the hold of a ship. Until the ship has been officially entered at the customs house, filing its manifest in Spanish, no action can be taken by your customer on bills of lading or other documents accompanying the shipment.

### GET CAREFUL CHECKING

**WITHIN** eight days after the vessel arrives your customer's documents must be presented at the customs house—if not there is a fine of 2 per cent of the value of the merchandise. Customs officials want these documents for comparison with the ship's manifest and go over every detail of packages, marks, quantity and kind, description of goods, names, dates and the like. A second department rereads the documents to check the first reading.

Then the appraiser's department takes the documents and assesses the duties and the actual merchandise is inspected and checked again. If the merchandise does not agree with the documents, the

importer is fined. Certain "tolerances" are permitted, however, 4 per cent excess in weights on textiles and 2 per cent on other merchandise. But if merchandise is short weight duty at the declared rate must be paid—and the importer loses. To make customs officials vigilant 50 per cent of all fines go to the chap who discovers discrepancies. If an importer refuses to pay fines, his goods may be seized. Customs house details are usually handled by brokers who make that a business. If one of a broker's clients refuses to pay fines, the broker is suspended. The broker is under bond, so if he does not pay his bondsmen are subject to fine or embargo as importers.

In addition, all merchandise imported for sale and consumption in Argentina must be analyzed by sample in the customs house department of chemistry. No matter how many shipments of your food or toilet preparations have previously been admitted to Argentina, each new shipment must undergo the chemical test, with a fee of about \$3, our money. Shipments of plants, seeds, fruits, vegetables and soil products generally must be inspected, with a fee of \$1, by the agricultural bureau to prevent the entrance of plant disease. Medical preparations must furthermore be licensed and approved by the national board of health before entering.

### MOTORTRUCK VALUE LOST

**ALL** this routine naturally takes time; but now comes the worst delay of all, in the warehouse, where merchan-

dise is delivered to the owner. Every package must be weighed and examined as to marks and compared with the original declaration. One curious reason for tardiness in adopting motortrucks in Buenos Aires is that much of the city's hauling is done from the customs house to importers' warehouses, and delays in weighing and checking at the customs house keep vehicles waiting hours for miscellaneous shipments, and only the horse and cart, with its comparatively small investment, can be tied up that way.

To your shipping clerk the exact weighing and marking of each export package may seem a small matter. The difference between avoirdupois and the metric system should not greatly matter, he reasons—a pound is a pound the world around. And he cannot grasp the necessity for getting the exact minimum weight of the merchandise itself, without wrappers or casing, and then weighing the stuff in the gross when it is ready for shipment.

But in far-away Buenos Aires, with half a dozen different officials checking each other on all these weights and marks, it is a good deal like the last weighing and judgment of souls by Osiris, the Egyptian god of the underworld. Suppose some of the cases have been broken open in transit, accidentally or by pilferers, and some of the goods lost—during the recent dock strikes in Buenos Aires and Montevideo there were many losses of that sort in American shipments. Probably the importer will have to pay



PRESIDENT IRIGOYEN OF ARGENTINA AND HIS CABINET OFFICERS ATTENDING AN OFFICIAL FUNCTION



duty on the quantities declared in documents, and so lose not only the goods, but pay duty on his losses.

Exactness in weighing and marking shipments and making out documents thus saves the importer money at a dozen different points in the form of duties and fines. He appreciates that, and in ordering takes exactness into account along with quality of merchandise and prices when dealing with different houses and nationalities.

Even more welcome to him is the saving of time and annoyance, for exactness facilitates the clearing of shipments for which he may have been waiting and the restocking of his empty shelves.

Accuracy is not difficult of attainment. The customs regulations of other countries usually appear complicated and formidable when one reads them the first time—but so do our own. If one can look at them from the other fellow's viewpoint and appreciate the value to him of accuracy and decide that if he is going into this world-trade business at all he is going in right, then it is possible to find some one thoroughly versed in the details to take charge of export shipments. Finding a first-rate export traffic man and giving him supervision of export shipments is the solution.

#### ARTICLE XVII

### OLD CUSTOMS RULE IN BUENOS AIRES STORES

**BUENOS AIRES**, Sept. 26.—A New York woman arrived in Buenos Aires after the voyage of nearly a month. She started out among the big shops in Florida street with a long list of purchases to be made.

First was a lace collar. She saw quite a number of people waiting around a counter, but apparently no clerks, so began to inspect goods herself. Making two selections, she waited five minutes for a clerk, who made out a check, picked up the collars and led her to a desk, where she stood in line five minutes more to pay for the merchandise. Then the clerk, who had been waiting beside her all that time, led her to the wrapping desk, where the pretty lace collars were wound into a tight paper knot, like a



BIG VINEYARDS IN MENDOZA

schoolboy's handkerchief, and handed over. There were several minutes' further wait at the wrapping desk, after which the clerk went back to the lace counter—and that explains why there were more customers than clerks, for it had taken about ten minutes for him to go through this routine, and he therefore had a capacity of about five or six customers an hour.

#### SELLING SYSTEM IS LOOSE

**THAT** was not all. When the New York woman got home she found that the system had cheated the house by wrapping up three collars instead of two—and they were real lace! In this case there was no loss, because she returned the extra collar. But—!

This system prevails pretty much everywhere in Buenos Aires. After making three purchases on her long list the New Yorker found that it was lunch time. Organizing her list in groups, she sent some one else out to go through the routine and get what she needed with as little loss of time as possible.

The system seems to be an outgrowth of the small shop. In the smaller retail establishments, with no rush of customers, it does not work badly. But when volume of business grows and the store is divided into departments and profit depends upon the greatest turnover during a limited number of hours during the day, something new in the way of equipment and organization is needed.

In equipment something like the Yankee cash carrier and cash-register system, and in organization a flexible accounting scheme that will keep track of merchandise from the time it enters the store until it is sold, and also keep track of employees and train them.

Another American woman saw a piece

of silk of pretty pattern in a Buenos Aires store.

"How much is that?" she asked. The clerk picked it up and looked for the price mark, but did not find any. He called another clerk, who looked and scratched his head. Then he called the floor-walker, who made an examination. Then the first clerk took the silk to the manager and, after ten minutes' wait, came back without it.

"We cannot sell you that piece of silk, senora," he announced, "be-

cause we do not know the price. Select something else."

"But I don't want anything else," insisted the customer. "I want that piece of silk and no other."

"We cannot sell it," repeated the clerk. "Even the manager does not know the price!"

#### DISPLAY ADVERTISING LACKING IN FINISH

**THE** department store in Buenos Aires seems to be still evolving from the old-fashioned dry-goods store, with its preponderance of piece goods and its men "assistants," into the department store as we know it in the United States. But it is working toward something better, with complications that we have never known. Our old-fashioned dry-goods store became a department store when new lines of merchandise, such as ready-to-wear clothing, toys, furniture and the like, were added to create business every month in the year instead of the spring and fall season, liberal newspaper advertising being used to attract customers. The Buenos Aires establishment is hampered, first, by Latin politeness—most of the motions made by the clerk in taking a customer to the cash desk and wrapping counter are grounded in courtesy. British influence is strong in the Buenos Aires department store; and, as Selfridge demonstrated in London, Yankee retail methods are more flexible than those of the British shop. On top of that the Buenos Aires department store is usually engaged in manufacturing, by reason of its distance from the world's manufacturing centers—many bulky articles are made in the store's own factories and clothing is sent out to be made in workers' homes, on something approaching the "sweating"



system. Finally the department store is a mail-order house, serving rural Argentina with farm supplies through its catalogues.

Buenos Aires newspapers carry an impressive display of department-store advertising each day, but not very skillful by our standard. "Liquidacion" is the universal word for "sale," and no advertisement is considered complete without it. Very often the announcement goes no farther than "liquidacion." A whole page will be taken to state that this is the most notable "sale" of the season, and, after the Spanish adjectives have been exhausted in picturing the wonderful bargains offered, the advertisement omits all reference to specific articles and prices. Yesterday's advertisement announced just as great a liquidacion and tomorrow the bargains will be even greater—and just as vague. Cases in which good values are advertised by description, picture and price are exceptional. The Buenos Aires shopper, starting downtown, has no advance information concerning the day's offerings at different shops.

On the constructive side some of the large stores have good window displays and utilize the fascination of merchandise in selling.

#### TRADE MISSIONARIES NEEDED

IN THE United States the department store outside great cities has been developed very largely by the educational work of manufacturers, both in merchandise and equipment. The corset manufacturer's representative, for instance, has gone into the country department store and shown how to carry the broadest range of stock for the money invested and also made suggestions about fitting and advertising. The manufacturer of suits, waists, paper patterns, novelties and many other kinds of merchandise has done the same, and manufacturers of mechanical equipment have provided these stores with cash registers, cash carriers, accounting systems, economical delivery service and other aids in doing business.

The same sort of missionary work by American manufacturers seems to be needed in Latin America. From time to time American manufacturers serving de-

partment stores at home with merchandise and equipment have endeavored to gain a foothold on the southern continent, but seldom successfully. Failure has been due to distance. Usually sales have been made to Latin-American importers, who distributed goods without the merchandise service that goes with them at home. Or shipments made direct to the Latin-American department store have been isolated purchases, with no permanent connection or service. Occasionally manufacturers have sent representatives, but for sporadic trips during hard times at home, and often men unfamiliar with Spanish, much less the different trade and social customs, and the enormous task of education involved.

There are now several factors favorable to strong permanent connections between the Latin-American department store and the American manufacturer of merchandise and store equipment. Yankees are going to the southern continent in greater numbers and South Americans are visiting our country, laying a foundation of acquaintance. The American moving-picture film is everywhere in Latin America, giving daily glimpses of American homes, American ways, American clothes and comforts. The material development of Latin America is raising living standards and increasing purchasing power.

If American manufacturers take advantage of these influences, they can unquestionably gain a permanent foothold in Latin-American markets. But that will be a matter of time and education. Before goods and equipment can be sold in paying quantities there must be missionary work through the spreading of better business ideas. The job is a big one and calls for several years' constructive work. It seems to be a job, not for

the individual manufacturer, but for manufacturers' associations.

*[The following nine articles concerning Argentina were delayed in the mails and were received too late for publication in regular order. This accounts for the break in the rotation of the article numbers.]*

#### ARTICLE LII

### LATIN AMERICA SHIVERS WITH FUEL UNDEVELOPED

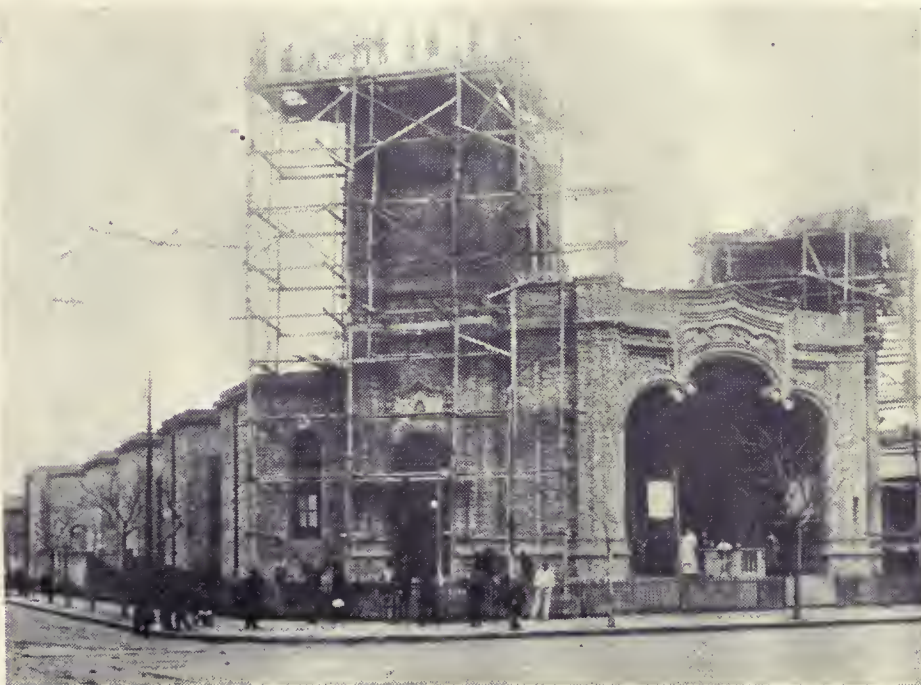
BUENOS AIRES, Dec. 14 (delayed).—When the National City Bank opened its branch in Buenos Aires it immediately became one of the busiest places in town. That is, by all outward appearances it seemed to attract crowds of depositors. But there was another reason for these crowds. Buenos Aires in winter is chilly. The bank occupies a building without steam heat. But a large number of kerosene heaters were purchased and placed everywhere, and the crowd in the bank consisted largely of Americans dropping in to get warm!

South America is a continent with only the slenderest fuel resources thus far developed. In temperate countries like Argentina and Chile it finds difficulty in keeping itself warm through the damp winter, while in the tropics, though fuel is not needed for warmth, it is needed for transportation, light, power, cooking and other purposes.

The scarcity and cost of fuel are apparent everywhere in Argentina. In the city people suffer from chilblains, and a hot bath is an unknown luxury to masses of people. In the country most of the trees have been pollarded, the limbs cut back to the trunk and used for fuel—and this seldom for heat, but largely for cooking purposes.

City people use a handful of charcoal for cooking—carbon vegetal, or "vegetable coal." For those who can afford it the kerosene stove and small electric heater furnish some comfort, but for the most part the Argentinos wrap up and pass the winter without artificial heat and profess that heat is unhealthy—though they suffer from colds, tuberculosis and pneumonia.

In normal times coal from Europe or the United States laid down in Rio or Buenos Aires at \$8 to \$10 a ton in large



A NEW CHURCH NOW BEING BUILT IN BUENOS AIRES





ARGENTINA'S HENLEY REGATTA DAY, SHOWING BOAT RACE ON RIVER TIGRE, NEAR BUENOS AIRES

lots serves to run the cities and the railroads. But war and shipping shortage raised the cost of imported fuel above \$60 a ton in our money, necessitating much ingenuity to keep the railroads running and turning attention to the whole fuel question.

#### RAILROADS BURNED WOOD

**D**URING the war Latin America learned to look upon everything from the standpoint of its British thermal units. With coal at \$10 a ton, and often unobtainable, quebracho wood was substituted on railroads. It takes two and one-half tons of this hard wood to equal a ton of steam coal, but with coal at \$60 and quebracho wood at \$11 a ton the latter gave steam at less than one-half the cost. When corn dropped in price owing to the impossibility of shipping it to Europe, this was purchased and burned on some of the railroads. Quebracho wood for cooking purposes rose in consequence, and so did charcoal—at the present writing there is complaint in Buenos Aires that charcoal is dearer than bread.

But now that attention has been centered upon this fuel question it appears

to be not so much one of scarcity as of undeveloped resources. Capital, transportation and ingenuity are needed to keep Latin America warm in winter and provide the power for industries. There is coal in Chile and Peru. There is also coal in Brazil, and perhaps in Argentina. While the railroads of Brazil were burning quebracho wood at a cost of \$25 to \$30 for the steam value in a ton of British or American coal, there were deposits of Brazilian coal of fairly good quality simply awaiting the transportation and mining engineer to make it available. Most of the coal thus far discovered in Brazil and Argentina is lignite of rather poor quality, but nobody pretends that either of these countries has been systematically prospected or knows what they may yield when explored. New ways of using the inferior coals of our own West are being developed, such as powdered coal and "collidol" fuel, in which powdered lignite and petroleum are burned in suspension. While Buenos Aires finds cooking charcoal dearer than bread, the quebracho cutters and charcoal burners of the interior are unable to market their products through transportation difficulties that might be eliminated through better management.

#### FALLS GREATER THAN NIAGARA

**A**RGENTINA has oil resources, some under development, like the encouraging deposits at Comodoro Rivadavia, far south in Patagonia, and also indications along the Andes. The Comodoro Rivadavia field was discovered in 1907 and taken over by the government for national development. American oil men who have been active in developing California and Mexican petroleum say that the nationalization of Argentina's oil resources furnishes a striking example of how not to do it. In Argentina itself there is now dissatisfaction and a movement to permit development by private enterprise.

Argentina has "white coal" in the falls of the Iguazu, a waterfall greater than Niagara, but 1000 miles from Buenos Aires. Engineers estimate that an investment of \$30,000,000 to \$40,000,000 will make it possible to transmit 125,000 kilowatts of current to the Argentine capital for lighting, power and industries. If the currents of the River Plata can be utilized, as undoubtedly they will be eventually, they would provide the power which is so necessary in building Argentine industries—today the possibilities for manufacturing a specific article



in the republic are measured largely in terms of power cost, which means imported coal in normal times. There is also water power in the western part of the country along the slopes of the Andes.

For years American and British coal has been going south to Argentina and Brazil, making possible railway and agricultural development. But the volume has not been great, considering the magnitude of those countries. Therefore, special facilities for handling coal on the lines of our Great Lakes traffic are lacking. The stuff has been coming along in a British tramp or Yankee schooner and unloaded by slow methods with much hard labor. Before special coal docks and handling machinery can be installed, engineers say, there must be an increase in volume.

### U. S. IS COAL COMPETITOR

**JOHN BULL** has had the coal trade of Latin America, partly because he had the ships and bought Argentine wheat and hides for return cargo, and also because he had business connections on the southern continent. The Argentine and Brazilian railways are largely British, and naturally deal with the country where they are owned. The Germans had some coal trade before the war, selling to German connections in South America. Our sales of coal were comparatively modest, partly because we lacked ships and coal companies operating on the southern continent. The meat packers, comparatively recent arrivals, were the only large American users of coal. On top of this there was a distinct disadvantage in the popular belief that our coal is inferior to British.

During the war, however, the United States developed a coal trade with the southern continent limited only by shipping facilities, and at present, with the increase in miners' wages in England, there seems to be every prospect of close rivalry in coal. Not only England and the United States, but probably Germany and South Africa, will compete for the market. It will be a fortunate thing for Latin America as well as the competing countries if the trade is developed, not along cut-throat prices and



shipping rates, but with a view to increasing the tonnage, handling it by automatic machinery, stabilizing prices to the consumer and making fuel more generally available to the average family. A very moderate quantity of coal would keep the Buenos Aires family warm through the winter and cure its chilblains and colds. There is no reason, either, why coal should not be laid down for domestic consumption in the outlying towns and at the big ranches. Argentina and Brazil are not in any sense different from our own "coalless" Northwest, where ships and machinery and organization of traffic have made coal available everywhere for domestic use, and built cities and industries—there is a little matter of longer distance to be overcome, that is all.

### ARTICLE LIII

#### BUENOS AIRES HAS NEED FOR U. S. TYPE BUILDINGS

**BUENOS AIRES**, Dec. 15 (delayed).—When the Spaniards established cities throughout the region that is now Latin America they built in the Spanish style, with thick walls, fifteen-foot ceilings and narrow streets. Thick walls shut out the heat, high ceilings give circulation of air and narrow streets shield people from the tropical sun. The

Spaniard also built his house around a patio, or central courtyard, which was his flower garden, his front lawn and general beauty spot.

For most of the Latin-American countries this was quite right, but not for Buenos Aires, which has a temperate climate. And Buenos Aires is paying heavily for this imposition of an unsuitable architectural scheme. It is paying millions of pesos to cut avenues through the narrow streets of its old Spanish town, and also paying in other ways not so obvious.

There are only two apartment houses in Buenos Aires with low ceilings in the American style, and only a couple of office buildings. Every hotel has high ceilings, and so do all the business and residential structures.

Virtually all Buenos Aires buildings of every sort have thick walls made of very rough brick and covered with stucco or cement, to resemble stone. In a hot climate this would be ideal, but in the damp winter of Buenos Aires the thick walls of Babylonian masonry gather moisture. Dampness! Did you ever ascertain how much water a brick could absorb? It is about a pint, and in houses that are unheated all winter long with no opportunity to dry out, you can imagine what living within these damp, sodden walls means.

### WELCOME AMERICAN HOMES

**AS FOR** the lofty ceilings, they are wasteful of housing space in a city where land values are high and space extremely scarce. Buenos Aires today is painfully underbuilt. The hotels are full to overcrowding. Office space is virtually unobtainable. The American firm newly

arrived in the Argentine capital is lucky to find one or two small offices with a search warrant, and no telephone can be obtained within six months. As for an apartment or a house, you may secure one if luckily some other American has been transferred and must give up his home.

When Buenos Aires begins to grow again and accommodate its surplus population, it is advisable that it grow upward. With American steel construction, low ceilings and thin walls, the space occupied by a five-story hotel



CRACK OARSMEN OF BUENOS AIRES, WHERE ROWING IS A POPULAR SPORT



with 100 rooms, arranged around a patio, would give a ten-story structure of the same height with fully 300 rooms. A large number of the rooms would face outward. The steam heating of such a hostelry would be fairly economical even with coal at \$20 to \$25 a ton, because heat would not be wasted in the vast heights overhead, and the walls would not gather and hold dampness. This is quite as true of apartment houses. Building in the old Spanish style, the rooms are enormous and much space is wasted in corridors and the patio. It takes the skill of the New York or Philadelphia or Chicago builder to construct good apartments, and the experience of architects in securing labor-saving arrangement. If the average Buenos Aires family could move into an American apartment with low ceilings and medium-sized rooms, the kitchen placed near the dining-room instead of far apart, cooking and serving meals would be easier, and the staff of servants could be cut down.



ARGENTINE FARMERS GOING TO MARKET

One day the writer took tea at the home of an American living at one of the two low-ceiling apartment houses in Buenos Aires. There were a number of Argentine people present, men and women. Their delight over the compact arrangement was striking, and suggested that thousands of Buenos Aires families are ready to move into such apartments as we know at home once they see them and catch the Yankee idea.

#### SOME OF CHIEF INVESTMENTS

**I**N SEPARATE houses it is the same. There seems to be a great opportunity for American builders to construct bungalows in the suburbs at middling prices, perhaps for sale on the installment plan.

And with houses for the poor it is still the same. An elevator man in Buenos Aires earns the princely sum of sixty pesos monthly, less than \$30, and a government clerk's envied job is worth eighty to a hundred pesos monthly. This portion of the population must live in a

"conventillo," which is a barracks built around a central court, one to four rooms for each family, according to the rent the tenant is able to pay. Such of the old one-storied Spanish houses as remain have been converted into conventillos—there is a very good specimen right across the street from the Argentine Capitol. The problem of housing the working classes and improving their comfort and health through building projects appears not to have been studied very deeply as yet in Buenos Aires.

The Argentinos are really living in traditional houses. The central patio has often disappeared in fact, owing to the cost of land, but the local architect and builder invariably incorporate its shadow in the form of a central room with a hole in the roof, cold in winter and hot in summer. Every Buenos Aires flat, however small, must have its drawing-room, which corresponds to the parlor in our own enlightened land, which is usually shut up in the same way and used only for company—a relic of the grand houses

of more spacious days. Living accommodations for servants are of the barest description. On the whole, without suggesting that the Argentine's conception of a dwelling is wrong, there seems to be opportunity to show him some of the convenience, comfort and compactness in dwellings that we Yankees have worked out during the growth of our cities in the last generation.

The American real estate man would be interested in studying Buenos Aires from the development standpoint. It seems to be a city of active real estate speculation, with periodical booms, but without the building activities that accompany our real estate booms at home, and which are to a very large degree shaped by real estate men and builders with constructive ideas. Land and buildings are traded in by Buenos Aires people, but mainly for a rise in prices rather than new construction. Land, cattle and mortgages are the chief investment of the Argentine people, and wealth put into city houses is considered secure.

#### BUILDING EXPANSION DUE

**W**HEN war came in 1914 it knocked the bottom out of a lively real estate boom in Buenos Aires. Foreign capital was no longer available for construction and building stopped. Like every other city, however, Buenos Aires continued to grow during the war. Wealthy Argentinos who had lived abroad hurried back. Then came the business man needed to divert Argentine products from peace to war character and handle them, and today every ship lands Americans, Britons, French, Italians and Germans coming to help the republic resume its normal life. During the next five years Buenos Aires should undergo a great expansion, and the Yankee builder and architect can undoubtedly participate.

In the Argentine countryside there is also room for improvement in building and housing conditions. The owner of a big estancia, has his comfortable home, of course. But his farm laborers, and, even worse, his tenants on short-lease land, often live in a shanty made of mud and straw, with the earth for a floor. Short leases of farm land have created two classes of country people distinctly harmful to Argentina—the absentee land owner and the tenant who mines the soil instead of farming it. The latter's home is simply a camp, and his family has little more than animal comforts.

But in some sections the Argentine countryside is now being cut up into farms like our own. If the tenant is a good farmer, he makes money and purchases land, and then proceeds to build himself a real house, and plant fruit trees, and farm in a rotation. And if the big estancia owner lives on his 50,000 or 100,000 acres and has the good of Argentina at heart, he can be interested in building better houses for his laborers and providing a school for their children. Just before the war a Swedish company began introducing knocked-down wooden houses, the parts being made in Sweden and shipped to Argentina for sale to farmers. If this idea was carried out in Argentina on lines developed by Americans, who have popularized knocked-down houses the last five years, aided by descriptive advertising, it would probably be successful, and sell American lumber to Argentine farmers in a most economical way.

#### ARTICLE LIV

#### LACK OF VISION RETARDS U.S.-LATIN-AMERICAN TRADE

**B**UENOS AIRES, Dec. 16 (delayed).

—An American manufacturing representative in Buenos Aires has that territory for an attractive novelty—a patent stationery device which is thoroughly American in design and practicability. After several months' work he



interested a large Argentine wholesaler in stocking the novelty and giving it wide distribution throughout Buenos Aires. It was a \$10,000 order, but with a condition—that the manufacturer spend \$2000 advertising the article to the Argentine consumer. This proposal was cabled to New York. More than a month passed before an answer came, not by cable, but in a letter, which said:

"We are making no advertising appropriation for foreign countries this year, and before doing so the Argentine market would have to send us at least \$50,000 in orders."

Let us view this episode from Buenos Aires and see if it cannot be laid before the American manufacturer—hundreds of him, thousands of him—in a way to strike his imagination. For lack of imagination hampers us more than any other one factor in developing world trade. If we can get imagination, all the shipping and packing and credit details should come naturally.

This manufacturer spends at home many thousands of dollars for advertising, including \$5000 pages in the Saturday Evening Post. His product is ingenious and new, and so requires the printed word for explanation. It is a moderate-priced article, so he requires volume of business. It will not stand a heavy selling expense, and at home he knows that the printed word is the cheapest salesman. Like many other Yankee notions, it is an article that demands service to customers after purchase, with supplies available everywhere.

#### VISUALIZATION IS LACKING

HE WOULD not think of demanding \$50,000 worth of orders from Kansas City before advertising an unknown product, leaving the salesman and the retailer to bear all the burden of introduction. He wouldn't do it simply because Kansas City would not buy of him on such terms. Yet he is unable to visualize Buenos Aires as he does Kansas City, and allow for the difference in language, consuming viewpoint and ways of doing business. Apparently he is sufficiently interested in Buenos Aires to have made a start in getting business. Yet he coolly looks at the Argentine capital from the standpoint of the size of its introductory



ARGENTINE SCHOOL KIDDEE IN HISTORICAL TABLEAU

orders, and if there are not enough immediate dollars in the proposition says he does not want to play the game.

Two thousand dollars of that first order would take all his profit, and perhaps a little more. But by educational advertising in magazines, backed later with cards in the street cars, he could reach the real Argentine public, and set up a demand which would lead retailers to stock his product and display it and sell it.

In the United States he advertises liberally because he has the competition of other concerns making similar novelties. Without advertising he would be no-

where. It is as definite an item in his method and cost of doing business as rent or labor.

In the Argentine he can advertise without competition, because his is the first Yankee notion of its kind in that field. He has a chance to get in on the ground floor, which would be priceless to the United States today. When British, French and German competition in staple articles begins again in South America, many of our manufacturers will lose trade because they cannot sell as cheaply or adapt their goods to Latin-American requirements. But his is a typically American device which has no competition. The other nations do not understand American consumer advertising and service as well as we. Yet he dilly-dallies about tackling a plain job of building business from small beginnings, a job extending over two or three years, after which the market would be his.

#### PRINTED WORD APPLIES

MORE than that, he is breaking the heart of his Argentine representative. The latter is thoroughly at home on the southern continent. When he arrived in Buenos Aires, learning that somebody had registered the manufacturer's trademark and that it could not be used by the rightful owner, this representative ingeniously patented the article in Argentina. Moreover, as the trademark is an American term, not comprehensible unless one knows our language, he had the shrewdness to translate the term into Spanish and register that, decidedly an improvement in every way. It cost him a couple of hundred dollars, which the manufacturer in New York refused to pay.

Argentinos like Yankees, and also like Yankee notions. A simple little novelty of the kind so common at home, seen the first time, will delight an Argentine like a child.

But little trading is done by Argentinos themselves. The importers and wholesalers and merchants are Spaniards, Italians, Germans. Apart from certain prejudices against ourselves, they are not accustomed to doing introductory work for manufacturers—and why should they? The direct connection between the Argentine consuming public's liking for Yankee notions and the notions themselves is through the print-



CASA ROSARIO, ARGENTINA'S WHITE HOUSE AT NIGHT





THE ARGENTINE'S EAGLE NEST  
MONUMENT TO THE ARMY OF THE ANDES, NEAR MENDOZA

ed word, just as it is at home. American business men can see that at home—why can't they see it in Buenos Aires, Rio, Montevideo, Santiago and Lima?

Another story of the same kind:

The best old-fashioned razor sold in Argentina before the war was German, with a thoroughly established trademark. The next best razor is an American product, being of as good quality and decidedly lower in price than one British razor of reputation. A large American cutlery manufacturer also has his representative in Buenos Aires, and the latter is anxious to improve the priceless opportunity to establish his razor in that market before the Germans are able to come back. The quick way, the right way, the American way to do this is through a consumer advertising campaign.

#### TRUSTS EXAMPLE OF EFFICIENCY

**Y**ET the cutlery manufacturer seems unable to see it. His opinion of the Argentine market is based entirely upon the size of the orders coming in. He cannot comprehend introductory orders or an investment of money for advertising or constructive work over two or three years to build permanent trade. Worse than that, he cannot understand the necessity for filling orders promptly, and his representative spends much time going around among Buenos Aires merchants explaining why goods do not arrive.

One day last spring a Buenos Aires merchant showed this representative a simple metal guard which, clamped on an old-fashioned razor, gave it safety features.

"Let me send that sample to our factory," suggested the American, "and we will make it for you."

"But it is the only sample I have—the only one in Buenos Aires," replied the merchant.

Upon assurance that it would be faithfully returned he got the device and sent it to New York. Four months later, in reply to repeated inquiries, the home office wrote: "We sent that guard to the factory to see what they could do about it, and they have not given us any definite answer—in fact, we are afraid they have forgotten about it. Any further information we can get we will gladly let you have." And the sample has never been returned.

There are hundreds of American manufacturers like this. And they are rocking the world trade boat. Every case of the kind creates bad feeling and distrust of American business ability abroad.

The most conspicuous world trade successes have been made by our large corporations—the trusts. Trusts may be good or bad, but they seldom dabble. Having laid out a course of action at home or abroad, they put money behind it and men and work and time. They go abroad, set up a stock of goods handy to their customers and at a stroke overcome all the handicaps of distance and the misunderstandings that arise when business is done through middlemen, often antagonistic or self-interested. On the ground in Buenos Aires it looks very much as though our trusts alone had business imagination. And business imagination more than any one thing is needed for the success of smaller American concerns in world markets—the sort of imagination that they have to have at home to succeed in trading with Pittsburgh, Minneapolis, New Orleans and Seattle.

## ADVERTISING OF YANKEES APPEALS TO THE ARGENTINO

**B**UENOS AIRES, Dec. 17 (delayed).

—In the United States advertisers appeal to the public along different lines of self-interest, such as ambition for success, pride in appearance, love of home and so forth.

In the Argentine people are different, yet virtually all the familiar lines of appeal at home will be effective when one understands the Argentino and gets close to him.

The Argentino is mentally a Yankee—quick to see a point in anything. He lives, like ourselves, in a country of continental magnitude, waiting everywhere for material development. But he is different from us in that he has had no facilities for technical training—no business colleges, no engineering schools, no private schools of the kind that take our own wild boys and set them to work doing things and help them discover their own solid foundation of common sense. Talk with the Argentino and you will find him anxious to emulate the Yankees in developing his agriculture and industry and bringing some order into the social chaos of his capital and his countryside. But he has been so accustomed to having things done for him by the British, the French, the Italians, the Spanish and the Yankees that he must begin at the beginning in getting facts and thinking out plans.

A patent Yankee lead pencil is being introduced in Buenos Aires by Senor Jose Aedo, a Cuban, with twenty-four years' experience in the United States and an instinctive liking for Yankee advertising methods. In the United States people are quick to see practicality. In Argentina they are just as quick, but must be shown in greater detail because they lack the training of our own public in practical matters. They admire the Yankee for his ingenuity, look to him for clever devices and trust his practical knowledge implicitly—the finest possible foundation for American advertising in Argentina. The company making this pencil has an advertising department at home, but Senor Aedo felt that the Argentinos could be reached better through a circular prepared on the spot by a man who knows the people and the country. He took a cut sent from the United States showing the interior mechanism of the pencil and explained in Spanish each detail, with arrows pointing to the exact spot. On top of that he called in a Buenos Aires artist and had him draw three pictures of hands filling and using the pencil, because these were operations likely to be done the wrong way unless explained in A B C terms. This circular was then distributed and created a good demand for the novelty.



To the Yankee it often appeared that time meant nothing to the Argentino, for he will often be late in keeping appointments, and spends much of his working day in cafes. Yet time-saving as an advertising appeal has its effect. Another of Senor Aedo's circulars was compiled for wire wheels, made for Ford cars. "El Fordo" is used by many Buenos Aires merchants in delivery service. A circular pointing out losses of time where chauffeurs had to stop for punctures with the old-fashioned wheel hit exactly the right note and brought many orders for the equipment from commercial houses.

#### ADVERTISING BROADENS NATURE

**F**LOORS in Buenos Aires are waxed frequently by men who put big mops upon their feet and polish the floor with a tango step that takes lots of time and muscle. Yankee oil mops would do just as good a job in a few minutes and are for sale in Buenos Aires, but nobody has yet begun advertising to show Argentinos their use. With furniture polish it is the same. Tell the janitor that you want your desk polished and he will appear with pumice powder, rags, wax, a whole kit of accessories and get ready for a half day's work. When you show him how to do a quick job with Yankee furniture polish he sees the point at once—"Ai, muy pronto, muy practico."

Ambition is another strong moving force with the Argentino, and, while familiar to us, is so new to him that there is a little pathos in his viewpoint. Thousands of young clerks in Buenos Aires business houses slave along blindly, expecting to be clerks all their lives, because nobody has ever told them through advertising how to get on in the world by study and self-improvement. In the United States we have innumerable correspondence schools, business schools, business books and other roads to opportunity, advertised in the most direct way. Hardly anything of the kind is known yet in Argentina. One

of our big correspondence schools has opened an office there and the young Argentino is rapidly grasping the idea. But thus far it has not undertaken extensive advertising of the kind it does at home.

Pride in personal appearance is another characteristic of the people, both men and women, but undeveloped from the advertising standpoint. Yankee clothes, backed by Yankee advertising, would overcome the Argentine shyness about color, help men of moderate means dress better and, most of all, get the girls out of their expensive and eternal black clothes, which are like a shroud to their native good looks.

Family and the home mean more to Argentinos than even to ourselves. Argentine families are not only large, but cling together with the greatest loyalty. Twenty relatives will come down to the boat and spend an hour bidding good-by to Jose, embracing and weeping. You would think Jose was going to the North Pole. Actually he is only going over to Montevideo for the night, and the whole family will be down to welcome him back day after tomorrow. In the beautiful Recoleta Cemetery, in Buenos Aires, the dead lie in beautiful chapels, with flowers and lights and chairs, where the living frequently visit the dead—

death itself cannot sever the beautiful family ties of the Latin.

The Argentino is a free spender. Lack of thrift has been one of his shortcomings, although he has lately shown himself quite capable of being thrifty when the idea is put over to him in the form of Yankee advertising. Even servants ride first-class on the railroads, and the poor clerk with only ten cents in his pocket will spend it for a polish on his rundown shoes rather than a cup of coffee. Argentinos are also shrewd, and it is said that the get-rich-quick promoter has never made headway in Argentina simply because the people quickly see through his schemes.

There are several ways in which American concerns can advertise their products in the Argentine. One is to send Spanish literature to their agents in Buenos Aires. Another is to use Argentine newspapers and magazines through some advertising agency at home which has Buenos Aires connections. Another is to deal with a Buenos Aires advertising agency direct, and still another is to hand an advertising appropriation over to one's Buenos Aires branch manager and let him spend the money on the spot. The latter method is by far the best, provided one has an alert branch manager in Argentina, but can hardly be recommended in the

case of many American products which are handled indiscriminately by Argentine importers, because many of the importers lack knowledge of American advertising methods, being of other nationalities, and handle a great many lines, so they cannot give proper attention to a single manufacturer's output.

#### LANGUAGE IS ELASTIC

**O**NE of the best advertising campaigns now running in Buenos Aires periodicals is that of a concern with its branch in the Argentine capital in charge of an American who has been there for years. Copies of advertising used at home are sent from the states in English and the whole office force, made



INTERIOR OF A SAN MARTIN CART FACTORY



up of Americans and Argentinos, make translations into Spanish. These translations are then compared in conference, and good phrases chosen by agreement and awkward ones eliminated, and advertising put into the Argentine language.

For there is an Argentine language. It is rich in local expressions, and these, like our own Yankee idioms and slang, make a direct appeal to readers which it is impossible to incorporate into advertising translated in the United States, probably by a Spaniard or a Latin American who has never been in Argentina.

Buenos Aires advertising agencies are equipped to turn Yankee advertising into the local idiom and to make pictures with Argentine character. By their knowledge of the country they are often able to prepare copy with something approaching Yankee advertising cleverness. One phrase frequently on the lips of the Argentine people is "Crea los." It means "Believe us," and when adapted to a recent advertising campaign proved most forceful and effective. Contrast such local tang in advertising with the bull made in the heading of an advertisement recently translated into Spanish at home for a big eastern house, which claimed that the concern was "primitiva" in its line — "primera." But he actually called it primitive!

Advertising prepared in the United States has one advantage—that of striking typographical appearance. The Buenos Aires newspapers are solid masses of closely set advertising, a great deal of it classified, and while they are now experimenting commendably with Yankee ideas in their headlines and news arrangement, the Yankee layout of advertising has not yet been taken up. Where we make advertising easy to read, the Argentine reader of newspapers, and to a great extent also the magazines, has to work hard for his information. And while

there are many clever artists in Buenos Aires working for magazines and reviews capable of drawing advertising illustrations which will have the people and ambiente of the country, they work best when some one is at hand to make clear the advertising motives by which the public is to be reached—otherwise they will simply turn out a picture.

These considerations make it wise to get as close as possible to the market and the advertising mediums of the country and its people.



A BUSY CORNER IN BUENOS AIRES

#### ARTICLE LVI ANTIQUATED RETAIL STYLE INVITES YANKEE INVASION

BUENOS AIRES, Dec. 18 (delayed).

—A tube of toothpaste, retailed in the United States for twenty-five cents or less, costs sixty to seventy-five cents over the counter in Buenos Aires, with hundreds of similar articles in the same proportion—toilet goods, medicines, jewelry, novelties and whatnot.

Because the story of a tube of toothpaste in Buenos Aires is also the story of

a tire for your automobile or a pair of Yankee shoes for your feet or a Bond street bowler for your head, it has been worked out completely with the aid of an American doing business in the Argentine capital.

One hundred dozen tubes cost \$250 American money in New York. Freight to Buenos Aires, \$15.60; insurance, \$1.75. On arrival in Buenos Aires there is a charge of fifty-three cents for hoisting the stuff out of the ship, \$2.26 for slinging it off onto the wharf and \$1.13 storage while it is going through the customs formalities.

Then the Argentine Government gets busy, charging a duty of 50 per cent on the price in New York—\$125. On top of that is an additional 7 per cent duty, amounting to \$17.50, and sixty cents for government stamps. So when the shipment reaches the importer its cost in our money is \$413.77, an increase of 60 per cent. The Argentine Government has not yet finished. In Argentine money the goods are now worth 942.42 pesos. Government stamps for documents accompanying the shipment cost twelve pesos. Each tube must bear a revenue stamp costing one and one-quarter centavos, or 150 pesos, for the shipment. The custom-house broker gets his commission of five pesos and there is

a peso for cartage. Total, 1110.42 pesos. This works out to ninety-three centavos a tube to the Buenos Aires retailer and he sells it for 1.30 to 1.60 pesos per tube.

#### CONSUMING POWER UNDEVELOPED

**H**AND any Yankee such figures in his own line, be it either manufacturing or merchandising, and he begins studying them from the efficiency standpoint, to see how goods may be sold more cheaply to the Argentinos and profit saved for himself.

The first big item, of course, is that of duty and freight, and it immediately sug-



gests either the establishment of a factory in Argentina or the bringing in of ingredients to be compounded there. The Argentine Government derives most of its revenue from high duties on imported merchandise, especially things similar to those made in Argentina's few factories. The chief difficulty about making goods in Argentina or establishing a branch factory there is population. The country has only 8,000,000 people, and a large proportion of those are farm laborers with very simple wants, while the purchasing ability of the masses in Buenos Aires is also decidedly low. But unquestionably the consuming capacity of the country has not been reached in many lines of merchandise, owing to high prices, and this immediately turns one's thoughts to the retail end, to see if turnover can be increased and costs lowered.

Retailing in Buenos Aires invites an

upon it, he will wait through eternity for some one to buy.

Quite foreign to his business thinking is the Yankee scheme of increasing turnover by adding new lines. If he runs a little "farmacia," his sales may be confined almost entirely to medicines, and he is timidly adding a few toilet articles, charging you three to five American dollars to fill a prescription, never dreaming of the extensions of stock by which some American druggists have built sales in specialties like French ivory goods through chain stores, taking the output of a factory.

#### MOST EXPENSIVE CAPITAL

THE Buenos Aires retailer is a speculator in merchandise, not a business builder. Prices all along the line, from importer to retailer, rise and fall according to the stocks of goods available. Dur-

been confined almost entirely to manufacturing and wholesaling. The retail field has been neglected. There are opportunities in Buenos Aires for shops run on Yankee lines. The chain drug store would quickly make a place for itself, according to Americans who have studied the field, and so with the five-and-ten-cent store—trinkets marked on the Woolworth plan in the United States at a nickel and dime often cost seventy-five cents to a dollar in Buenos Aires, simply because they have not been massed together in an enormous turnover, but are sold singly in different shops in small quantities. Buenos Aires has some large department stores, but they are operated on English lines, so the intensive working of each department by its expert buyer, under the direction of a merchandise manager who watches the turnover and insists that dead stock be cleared off



SAN MARTIN CARTS READY FOR DELIVERY

invasion of real merchants—men with the intensive methods that have brought success in the United States.

The average Buenos Aires retailer is almost invariably a Spaniard, Italian or German. He comes from a country of small shops and old-fashioned methods. In figuring profits he seldom begins below 50 per cent and from that runs on up to 70 and even 80 per cent in some lines, against 20 to 35 per cent in the United States. When you ask him about turnover he wants to know what you mean by the word, and a little investigation of his shelves shows that the idea is entirely new to him. He carries a limited stock in a limited line, and his shelves are filled with dusty "clavo"—his word for dead stock. Ask him why he does not close this stuff out by cutting the price and again he looks at you blankly. Another foreign idea! Having bought the stuff and marked his price

ing the war, for example, there was a shortage in lead pencils, the price of which rose as high as sixty cents apiece. At this writing pocket knives are almost unobtainable in Argentina. Day to day fluctuations in the supply of merchandise, even in normal times, cause fluctuations in price. A shipload of merchandise coming into the harbor will cause prices to fall. So the Buenos Aires retailer purchases stock, with an eye upon futures. If he thinks an article scarce, and likely to go up in price, he will buy for the rise, trying to corner the market, and if he thinks prices are going down will be conservative. He is partial to the staple things that have been sold for years, and not at all inclined to experiment with novelties which would unquestionably be popular with his customers and broaden his turnover if he did a little introductory work on them.

Our studies of Argentine business have

the shelves, would be an improvement.

From a merchandise standpoint, not to say the whole scheme of living, Buenos Aires is perhaps the most expensive capital in the world. The Argentinos go on paying luxury prices for plain necessities and never seem to ask "Why?" But the Yankee is beginning to ask. An invasion of Yankee retailers would not only ease the burden of life for the Argentinos, but enlarge merchandise turnover to such an extent that Argentine factories and American branch factories would be possible.

#### ARTICLE LVII

#### ARGENTINE METHODS DIFFER FROM OURS IN MANY RESPECTS

BUENOS AIRES, Dec. 19 (delayed).

—When you present a check at your bank at home the cashier hands out your





WATER POWER DEVELOPMENT IN THE WESTERN PROVINCES

money at once, and takes pride in knowing yourself and your balance. But when you present a check at an Argentine bank it takes ten to fifteen minutes, because the routine is entirely different. First your check goes to the bookkeeper, who looks up your balance and initials the check if it is good. Then another bookkeeper verifies your signature and adds his initials. Then it is paid by still another clerk—four men handle it in all.

When you pay an account with a check in Argentina the bank does not return the canceled check, but stores it away. You can make the bank produce it by process of law, but a check is not legal proof of payment in the Argentine courts. As the banks must keep checks twenty years, one of the big items in their cost of operation is storage and filing for these vouchers. Checks are not widely used in Argentine business—most business houses pay their bills on a certain day in the month, and people to whom they owe money come around to collect in cash.

Buenos Aires has plenty of movies, but has yet to adopt the continuous idea. Cafes and restaurants in the Argentine capital seem to be continuous, but not

the movies. Performances are given twice a day—in the afternoon and evening—and each performance is in three sections of about an hour each, with one feature film recut for Spanish taste and titling, and a vaudeville act following. If you buy a ticket to the second section, say, 9.30 p. m., it does not admit you to the theatre until the first section is finished, and if you want to remain for the third section, beginning at 10.30 p. m., you must go outside and buy a new ticket. The first-section audience will often steal fifteen minutes from the second section's rightful time by encoring the "grandioso exito," or vaudeville act, but that merely delays the whole evening's program, and it comes out all right in the end.

#### HAVE "DOLLAR CHASER" IDEA

"SEA BREVE!" is a common sign in Buenos Aires business offices. It means, "Be brief—don't anchor here!" But like our "Do it now!" nobody takes it seriously.

The mail carriers in Buenos Aires leave all your letters with the elevator starter on the ground floor, never coming up to your office except at New Year,

when they call for a tip. The elevator starter is therefore a postoffice, a taxi starter, a city directory, an information bureau and almost anything you desire. Starting the elevators is one of his minor functions.

When the Argentino writes you a personal letter and wishes to be unusually courteous, he turns it upside down, from our standpoint. First of all, at the top of the sheet comes his signature, then he salutes you by name, and at the bottom puts the date.

The Argentine people have a persistent tradition that Yankees are all dollar-chasers, especially Argentine country people. They use this belief in making a trade, protesting that you ask too much in selling or pay too little in buying because you have come to Argentina simply to gather pesos. One Yankee manager of an Argentine estancia meets that by saying, "Yes, but the Argentine dollar is only half as big as the Yankee dollar, and you Argentinos chase it twice as hard!" This is always a new view, and convincing.

The Argentine railroad conductor hisses "s-s-s-s" at you as he hands back your ticket, and if you tip the dining-



car steward liberally he hisses twice. They are not dissatisfied with anything—it is simply their way of saying "Thanks." In Spanish the form is "Muchas gracias," but everyday use shortens it to a hiss.

In Argentine slang, butter is invariably called "lard," the word "manteca" being used instead of the real Spanish word for butter, "mantequilla."

Instead of writing "City" in addressing a letter for delivery in Buenos Aires, as we would do, it is the custom to use the word "Capital."

The word "chop" appears frequently on Buenos Aires menus, sometimes spelled "chopp." It does not stand for meat, however, but for a large glass of beer! This usage is general throughout Latin America.

#### MOVIES INFLUENCE HABITS

ONE of the worst monstrosities of usage is "River Plate," common in the United States and England to designate the Rio Plata, Argentine's great gateway. "Rio Plata" means, in Spanish, "silver river," and that name, merely translated, would be pretty and right. But it was evidently the British who vulgarized the name by turning it into "plate," and, as with the case of our vulgar abbreviation of "Frisco," something ought to be done about it.

Argentine dawns and sunsets are blue, where ours are red. The high sky over the pampa seems to give room for tier upon tier of clouds, and houses are visible for fifteen miles, a glorious effect of spaciousness and the real outdoors. Add to this a dozen pools of water at sunset, each reflecting its own shade of transparent blue, and let a wild duck swim over one of the pools, leaving behind a trail of blue fire—see that for yourself, and you will understand why the Argentine national flag is composed of blue and white, and has as much meaning as our own Stars and Stripes.

In the United States our way of making a policeman or detective is to take an honest man and teach him the ways of a crook. Argentina has built up a vigilant, honest and plucky rural police, capable of bringing order into a wild country, by putting a uniform onto the best of its bad men and teaching them the ways of honesty and discipline.

In Buenos Aires the American movies are teaching the boys to ask for a "Wilson hat," by which they mean a Fedora, and to copy some of William S. Hart's effects in a broader brim. And the girls are learning something of the freedom of our girls, and are very keen for it themselves. American movies will probably influence Argentine habits more in the next five or ten years than any other possible method of exchanging opinions.

It is to be hoped that the common sense of Argentine women will also soon lead them to see the monstrosity of the short-



vamp high-heeled shoes universally worn by their sex throughout Latin America. These shoes actually deform the feet, because, to get a purely fanciful illusion of small feet, women crowd the foot into a shoe only half long enough, and stalk about on six-inch heels like storks. Practically they are walking on their big toes, and in time get a Chinese distortion of the whole foot. The situation might be remedied either by the leadership of Argentine women anxious to better their sisters, or by American shoe advertising to show the superior comfort of our shoe shapes and styles.

#### "SECONDS" HARM TRADE

MEETING the Yankee now, the Argentine pokes his fun at prohibition. One Buenos Aires business man, urging our adoption of the metric system and hearing the objection—its great cost—declared that prohibition would cost us far more, meaning that it would keep customers from our shores. Whatever the merits or demerits of prohibition, it is curiously easy to sell the idea to the Latin American. Start by admitting that one seldom sees a drunken person in a Latin country. But add that students of the question find that long-drawn-out tipping in such Latin countries as Italy and France is admitted to waste time and make people less efficient, and very often your Argentine critic will concede it, saying, "You are right—we do drink too much!"

Argentina is a "silver country" by

nomenclature, and is even entered by a "silver river," the Plata. The gaucho, or cowboy of the pampa, wears a belt made of silver coins and fits his horse with heavy silver trappings, while the fine lady in Buenos Aires demands silver toilet articles and will have none of our attractive "French ivory" or celluloid. But that is unquestionably a matter of familiarity and education, and if aggressive retail methods were used, backing up explanatory advertising, our "French ivory" toilet articles could be sold to thousands of Argentine women who cannot afford silver.

Ever sell "seconds" from your factory under the delusion that they were to be marketed in some remote place without injuring your trademark and good will? Quite a number of American manufacturers do this, and perhaps add their trademark to the goods to help the sale. When a lot of that stuff is bought up by a broker and shipped to Argentina—a common practice—and the public there gets its first impression of your goods through your seconds, and thinks of them afterward in connection with your trademark, obviously it complicates matters when you decide to enter the Argentine market yourself or to build up sales through a representative. "Seconds" come home to roost unless you dump them near home and keep your trademark off.

#### ARTICLE LVIII

#### SELF-ADVERTISEMENT HERE WOULD BENEFIT ARGENTINA

BUENOS AIRES, Nov. 1 (delayed).

—Argentina has a navy, as has also Brazil. During the last ten years both countries have invested money in sea power, and Argentina's tonnage has



PLAZA DE MAYO, BUENOS AIRES



been increased 200 per cent. Her two largest ships, the Rivadavia and the Moreno, were built in the United States.

Argentina's navy is small but serious—it supplements the coast defenses of the Rio Plata. Really she has two navies, one on the ocean and the other upon her great interior system of rivers, for police purposes.

Buenos Aires also has some magnificent bands. No Yankee band or orchestra ever played "The Star Spangled Banner" like the Banda Municipal of Buenos Aires, which gives frequent concerts in the city's plazas. It is rich in high tenor horns and puts a certain Latin feeling of its own into our national hymn.

Argentina has a rhythm music as vigorous as our own in tango, and innumerable tango orchestras, and its gaucho or cowboy songs.

Argentina has many good things to eat. The pampas swarm with game—pheasant, hares, doves, plover and partridges. She also has characteristic dishes like "puchero," and spaghetti that rival even Italy in variety and savoriness.

Suppose Argentina sent her sea navy for an official visit to the United States, and some of her bands, and tango orchestras, and food specialties and cooks. A few Argentine public dinners could be made up entirely of her own products and accompanied by Argentine music, both native and classical. A little effort along this line to really make herself known to us, considering our present interest in Latin America generally, would do more to help Yankees visualize Argentina than any other thing.

New York is full of visitors from Argentina, but they stick to a few hotels where Spanish is spoken, and make no definite impression in our metropolis. If their government entertained in this way, and the Argentinos were brought together to sing their warlike "Oi Morrales!" under the blue and white flag of the republic, the man in the street in New York would realize how strong is the feeling of nationality among our southern neighbors and accord them a respect based upon acquaintance.

#### AMERICANISM NOT REALIZED

ARGENTINA has not been backward about advertising in the past, but she has advertised chiefly in England and France—particularly France, whose writers have been entertained and aided in the production of a descriptive literature of Argentina in French which is unquestionably the fullest obtainable. She has also established direct ties with England in her livestock shows, acting as host each year to the best British judges of cattle, horses and sheep.

That the Yankees might be interested in these matters does not seem to have occurred to the Argentinos, and perhaps with good reason. To France the republic has looked for culture and sym-



thy, and to England for capital and material development. The Yankee in Argentina has usually been a salesman, intent upon finding customers, supported by no investment, banking or shipping organizations. Only now are the Argentinos beginning to see that the Yankee is not always a salesman and that we have a very definite "simpatico" of our own.

It has been said, humorously, by Yankees in Argentina that the first North Americans the Argentinos saw were those who came to their country because we had no extradition treaty to bring them back home, and that the next were the butchers! Perhaps this is unfair to the packers, for the latter have done much to advance Argentina. Yet it is a fact that we have been slenderly represented in numbers, compared with other nations, and that the Americans visiting Argentina have, until very recently, conveyed little idea of our country as it really is and its big-hearted way of doing things, temperamental no less than practical.

But now the Argentinos are seeing real Yankees in their own country, and also in our own, having visited the United States in increasing numbers during the war.

When they catch the American idea of putting advertising behind pride in one's country, and province, and community, their own strong pride will unquestionably lead them to adopt some of our "boosting" methods.

Argentina needs advertising in the United States for several reasons.

#### YANKEE METHODS NEEDED

FIRST of all, public opinion—the understanding and friendship of the individual Yankee. During the last generation the United States has been repeatedly forced by circumstances to participate in Latin-American affairs. Sometimes we have had reason to feel that we were successful, as in the case of Cuba, which rapidly worked out its own independence and has attained a prosperity that safeguards its future. In other cases we have not been successful. But in every instance success was based on understanding and public opinion in the United States, as with Cuba, which was not only near to us, but took pains to make her difficulty known, while lack of success can be attributed to our lack of understanding, absence of public opinion and temperamental as well as geographical distance.

During the new generation—perhaps the next ten years—Argentina must deal

with grave social problems. The mass of her people need better educational facilities and better standards of living. Her countryside needs settlers, with more intensive farming and a cutting up of large estates. She needs industries and a middle class. A general understanding of these problems in the United States, with better contacts between Americans and Argentinos, will be of the utmost service in working out solutions.

Argentina needs Yankee capital, backed by Yankee brains and business methods, to develop her resources along many lines and increase her prosperity. If our money is invested there merely by bankers and confined to activities represented by the unfeeling bond, or if the distance becomes even greater, with our money reaching Argentine through Europe, the flow of Yankee dollars will be beneficial, of course. But how much more beneficial if knowledge of Argentina in the United States attracts the kind of Yankee who goes along and works with his dollars!

#### IMPROVED SHIP TRANSPORTATION

ARGENTINA needs tourists. The passenger facilities between New York and Buenos Aires have not been comparable to those between either New York and Europe or Buenos Aires and Europe. Moreover, the trip is a long and costly one compared with a trip to Europe. So while every corn-belt town has its schoolmarm who knows London and Paris, the Yankee who knows Buenos Aires, Rosario and Bahia Blanco is still exceptional—his friends wonder why he ever traveled to such remote places, and in nearly every case the journey was made for business reasons. But Argentina needs tourists who go for other reasons—thinking and sympathetic Americans, who exert more influence upon the public opinion than does the business man—students, engineers, educators; writers, painters, sociologists and public men.

Argentina needs settlers. In the past she has attracted chiefly immigrants from Europe, people willing to serve a term at drudgery in Buenos Aires or the country, bringing nothing with them and returning home as soon as they earned enough to live on comfortably in Italy or Spain. These are not settlers in the true sense, and they contribute absolutely nothing to the real development of the country or the solution of its social problems. Whether the American farmer would find himself at home in Argentina in any great numbers is questionable, but without doubt a sprinkling of Americans with their characteristic methods could be attracted and would be beneficial, even though their stay in the republic were temporary.

The United States offers many mediums through which Argentina can



make herself better known with a little effort. We have our newspapers and magazines, our vast moving-picture audiences, our Chautauqua circuits, our granges and other organizations. Our interest in Latin America is keen, and the Latin American finds himself with a new interest in and a new viewpoint about us following the war. We are a nation of advertisers and accustomed to getting much of our information in terms of advertising. As we each grow better acquainted let us hope that he will learn to take advantage of this Yankee characteristic and advertise himself in Yankeeland.

#### ARTICLE LIX

### COMMERCE CHAMBER BIG AID TO TRADE IN ARGENTINA

BUENOS AIRES, Oct. 30 (delayed).

—An American perfume manufacturer sent down to Buenos Aires some samples of an attractive novelty—a small perfume flask having a glass rod fixed to its metal stopper, by which perfume could be used a drop at a time without waste. Latin Americans are very fond of perfume. This novelty was stocked by a Buenos Aires wholesaler and quickly created a demand. The wholesaler ordered 75,000 of them, and received a bottle twice the size without the novelty stopper. He wrote to the manufacturer, but got no reply.



A year ago the case might have stopped there, doing injustice to the Argentine customer and creating ill will for other American business houses. But today we have a Chamber of Commerce in Buenos Aires, with a special committee for investigating such cases and making adjustments.

The Argentine merchant laid his case before the committee, submitting samples of both styles of bottle. The committee investigated, decided that he had reason for complaint, and wrote to the Chamber of Commerce of the United States in Washington. This organization took the matter up with the Chamber of Commerce in the city where the manufacturer does business and the latter was visited. This was the first time he had heard that his Buenos Aires customer was dissatisfied, he said, not having received any letters. During the war it has been impossible to make the novelty stoppers for his perfume bottles on account of war restrictions in material. He did not know that Buenos Aires ladies liked the bottle, but believed the demand was for his perfume. So in good faith he had filled the order with

a plain bottle containing double the quantity of perfume, and thought he was doing the handsome thing. When matters were explained he made a generous money adjustment, and the Buenos Aires customer placed another order.

#### TRADE COMPLAINTS FEW

OUR "American" Chamber of Commerce in Buenos Aires had to be carefully distinguished by a long name to avoid confusion with the other Americas. It is called "the Chamber of Commerce of the United States of America in the Argentine Republic." Its manager is J. Nelson Wisner, a Yankee with years of business experience in Uruguay and Argentina, originally engaged in scientific work for the Uruguayan Government.

Out of \$300,000,000 worth of trade passing between Argentina and the United States in 1918, only about \$100,000 worth involved misunderstandings leading to actual complaints by Argentine business men to our Chamber of Commerce. This is a very small proportion, and yet misunderstandings have an ugly way of multiplying themselves. They create ill feeling, and the settlement of complaints on the spot by disinterested American business men is doing much to improve our reputation in that quarter of the world.

Some well-founded complaints are due to distance and difference in viewpoint between perfectly honest American and



GROUP OF REPRESENTATIVE ARGENTINE WOMEN





CAMPION BROTHERS, OWNERS OF THE LARGEST HOG RANCH IN WORLD.  
AT ENRIQUE LAVELLE, ARGENTINA

Argentino business men, as in the case of the perfume bottle. Others are not so well founded, and the decision goes against the complainant.

An Argentine concern bought some crude chemical in the United States and was dissatisfied because the stuff came in powdered form instead of crystals. The arbitration committee ascertained that the purchase had been made without the submission of a sample by the seller or the laying down of specifications by the buyer. This chemical is used in crystal form in the Argentine, while the powdered form is standard in the United States. Samples of the powder were

submitted to a chemist, who reported that it was exactly like the crystals in chemical strength, so the arbitrators decided against the Argentino and suggested improvement in his buying routine.

An Argentine wholesaler placed an order for American hosiery through what he believed was a responsible New York purchasing agent. When the hosiery came it was a motley assortment of all grades, sizes and colors. The New York agent was entitled to 5 per cent commission on the purchase price. He deducted commission on freight and insurance as well. Investigation disclosed that this

assumed purchasing agent was really a sharper, who had sent circulars throughout South America and secured orders. His office had been in the Wall street district instead of the dry goods district, and he could not be found, so there was no redress for the Argentine purchaser.

"With American banks, American business men, the United States consul and other sources of information about American business firms available right here in Buenos Aires, how did you come to send an order to such a rascal?" asked the investigators.

"I don't really know myself," admitted the Argentino.

Every complaint laid before the Chamber of Commerce is taken up by the arbitration committee and where technical questions are involved is submitted to experienced surveyors, who examine merchandise and give expert opinions. These surveyors are chosen among Argentine business men instead of from professional experts. They are paid fees for their service to discourage idle complaints, but the fees are turned over to charities.

#### CHAMBER DESERVES AID

OUT of the teamwork between Argentinos and Americans has grown a standard clause, drawn up by the Buenos Aires Chamber of Commerce and our own, providing for arbitration in all disputed cases, which both organizations recommend be inserted in contracts between Americans and Argentinos. This clause reads as follows:

"All disputed questions which may occasion controversy relating to this contract shall be submitted to arbitration under the rules adopted jointly by the Chamber of Commerce of Buenos Aires and the Chamber of Commerce of the United States of America in the Argentine." This clause is now being adopted in business transactions and for brevity's sake can be inserted in contracts merely as "Clause AAA," which stands for "Argentine-American arbitration."

Our Buenos Aires Chamber of Commerce was organized last December, the second on the southern continent, the first being established in Rio de Janeiro. Two others have since been formed in Valparaiso, Chile, and Sao Paulo, Brazil. The Buenos Aires organization has only about 125 members among American business men in the Argentine, and is seeking to extend its work by securing associate members in the United States among concerns doing business in the Argentine. With sufficient funds it will be possible to extend such activities as the arbitration work, which are often costly in time and money, and also to furnish information and make investigations for business concerns at home. Associate members are charged \$75 initiation fee and \$60 yearly dues and are entitled to all privileges except that of



PEACE ARCH ERECTED AS A TRIBUTE TO ARGENTINE VOLUNTEERS  
WHO FOUGHT WITH THE ALLIES



voting. An associate member in the United States would receive the organization's monthly bulletin, containing timely business information, be kept posted on changes in Argentine laws and customs regulations, represented in Buenos Aires in the event of misunderstandings with Argentine customers, assisted in translations, the gathering of special information, and be given any other needed service. On its actual work in clearing up misunderstandings between American and Argentine business concerns and creating good will for us in Argentina during the few months of its existence, this organization is entitled to teamwork from business men at home.

you through the customs house with your trunks, buy you a railroad ticket, and send some one around with you to speak Spanish. You need not be a depositor or even carry an NCB letter of credit—it is enough if you are an American from any of the twenty other American republics.

A newly arrived New York business man stepped into the Buenos Aires branch the other day to learn where he could find a real barbershop with American chairs—Latin America has not yet been led to see the advantages of our barbershop equipment. They gave him a name and street number.

"Well, I'll be hanged! At home I would be almost afraid to step into the

establishment of this institution, the first branch abroad of an American national bank. A beginning was made with a handful of clerks in a small room. Today the institution occupies a large building, with more than 200 employes, about one in ten of whom have been sent from the United States, the rest being of eighteen nationalities, largely Latin Americans. The bank now has thirty branches in Latin America and nearly fifty throughout the world, and is establishing more. Its foreign branches employ more people than did the home institution itself in 1914, and it also has more deposits in its branches abroad than it had deposits at home five years ago.



THE ANNAPOLIS OF ARGENTINA AND A REVIEW OF THE CADETS

## ARTICLE LX

### BIG U. S. BANK WILL GET YOU A HAIRCUT IN ARGENTINA

**B**UENOS AIRES, Oct. 28 (delayed).

—It has been said that if a depositor in the National City Bank of New York permits his balance to fall below \$5000 he is likely to receive a notice that he is overdrawn. For this big financial institution does banking chiefly for corporations and large business concerns, not to speak of communities and governments.

But in Buenos Aires the National City Bank will find you a hotel room, help

National City Bank—and down here it cuts my hair."

All of which is service to Americans by a big financial institution, rendered with the broad view that the more Americans travel in the southern continent the broader will be their business interests, and eventually the volume of their money transactions over the globe will benefit the bank.

Up to 1914, when this Buenos Aires branch was opened, no quotations on the dollar appeared in Argentine statistics. It is said that the American ambassador to Argentina was paid in pounds sterling with a draft on London. But dollar quotations began immediately upon the

## BANKING SYSTEM GROWS

**T**HE establishment of so large an organization abroad during the turmoil of war was decidedly difficult. Young Americans had to be trained in banking and languages and sent out to form a nucleus around which organizations could be built up in other countries. Added to the scarcity of men and the disinclination of Americans to go abroad, there was our entry into the war which called men to the colors.

But the system has grown and is still growing, and in some ways American banks have been welcomed and patronized abroad to a greater degree than at home. The Buenos Aires merchant, deal-



ing with an American manufacturer, handles the money transactions through an American bank and probably has a deposit there as well. But very likely the American merchant doing business with other countries still follows habit and sticks to some foreign banking house through which he has always dealt.

Next to actual branches abroad established by our manufacturers for direct dealing with wholesalers carrying quickly available stocks of goods, the foreign branches of an institution like the National City Bank form the most direct connection for American manufacturers in world trade and eliminate abuses and errors which seem inseparable from indirect trading through foreign importing agents. For the National City Bank maintains at home a system of supervision to safeguard the export trade upon which it builds financial business. If an American manufacturer expresses interest in sales abroad, the bank sends its technical man to his factory to investigate product and processes, gauge his ability to take care of foreign customers, the capacity of his plant, his packing and shipping methods and the like. If his methods can be improved, he is told so; and if it seems advisable for him to stay out of world markets, he is also told.

Another American financial institution well established in Buenos Aires is the First National Bank of Boston, opened in 1917 with three persons and now employing 230. A large proportion of the wool and hides of Argentina go to Boston, and traders there wanted to have their own financial connections, so this branch was opened under the management of Noel F. Tribe, a New Zealander, with long experience in Argentine banking. And Mr. Tribe has shown Buenos Aires a few new wrinkles in banking.

#### BOSTON BANK HAS SUCCESS

**M**AKING a specialty of savings accounts, he began advertising the virtues of thrift throughout the city. Such advertising has long been familiar in the United States, but it was a novelty in Buenos Aires, and bankers re-



garded it as a doubtful experiment and a radical departure from staid financial customs. Mr. Tribe had long admired the advertising methods of our savings banks and wanted to apply them in Argentina, but until the Boston bank made him manager of its branch he had "never been his own boss."

Advertising quickly demonstrated that people in Argentina are—just people. In less than two years more than 15,000 savings accounts had been opened, with a total of 6,750,000 pesos (approaching \$3,000,000). The thrift appeal was put before the public in newspapers, magazines and other forms. Upon the blank wall of a Buenos Aires business building is an enormous painted sign of a hand holding a Boston Bank savings passbook with the phrase, "Eventually every one in Argentina will own one of these books." Employers were canvassed and led to open accounts for their employees, depositing one peso for each man and woman—about forty-five cents in our money. It was predicted that workers would draw out the peso immediately, but more than 50 per cent of these depositors have added to their accounts. Some Buenos Aires employers now require that a new employee open a savings account and sign an agreement to deposit 5 per cent of his or her wages weekly, because it makes for a steadier class of workers. Every baby born in Buenos Aires receives a savings deposit book from the bank, with one peso credited and a letter of felicitation upon the happy event. In virtually every case the mother or father begins adding to the account, and if they are neglected there is always a grandfather, an uncle or an aunt—with Latin America's loyalty to family it is like shooting into a flock of partridges. The bank also distributes metal boxes for saving coins at home,

purchasing them in the United States, and the idea so impressed Argentina government officials that they secured some boxes for similar distribution by the Argentina Postal Savings Bank. Christmas bonuses to employees are paid in the form of savings bank accounts, and by introductory methods along the same line the free-spending Argentina has been led to put away for a rainy day.

#### U. S. BANKS IMPORTANT TO ARGENTINA

**T**HIS is good work, and it serves Argentina in three distinct ways:

First, the odd pesos put away by working people have rolled up an aggregate which is available for the financing of business in a country where there is never enough capital to go around.

Second, Argentinos are learning to raise capital through their own thrift, instead of always looking for money from other countries, and in time many of them will unquestionably graduate into the investor class.

Third, one of the most urgent needs in Argentina today is for a comfortable middle class, with money in the bank and a stake in the country. So this savings campaign, assisting in the development of a middle class, has its social value.

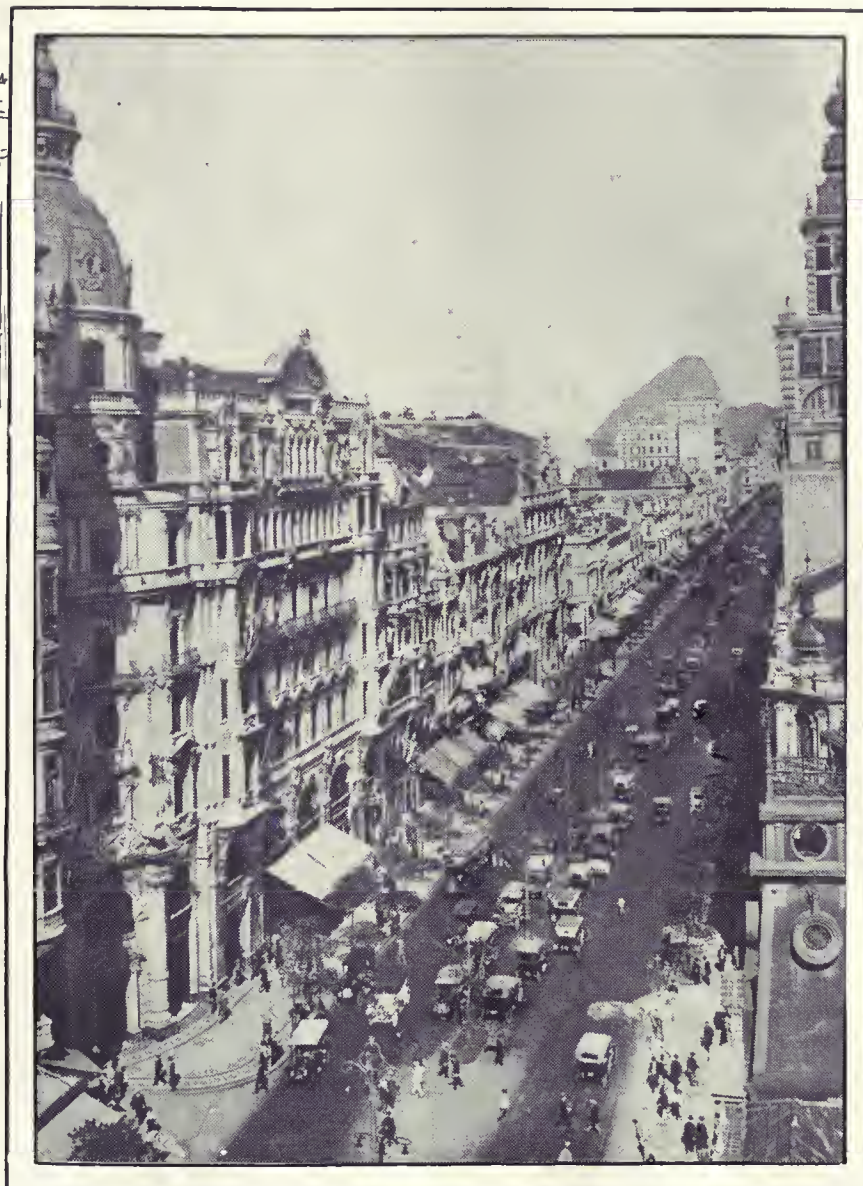
Americans have every reason to be proud of their two banks in Buenos Aires, each building business and good will, and American business concerns at home may well support them.

An American investigator being sent to the southern continent needed a letter of credit. The accounting department of his company had for years been securing letters of credit through a foreign house as an automatic banking operation. This investigator insisted upon having an American letter of credit, the first ever purchased by his house, and it proved highly useful to him in South America, where supplies of money were backed with personal service by our American branch banks. On the same principle a great many business houses in the United States may well investigate their banking operations with a view to transferring world business to American banks abroad.





# Brazil



*Avenida Rio Branco, the Main Street of Rio de Janeiro.  
Note the Picture Pattern Sidewalks*

## ARTICLE XVIII

### CHECK PLAN NOT VOGUE EXCEPT IN THE MOVIES

**R**IO DE JANEIRO, Sept. 28.—An American wanted some cash two days after arriving in Rio de Janeiro and presented a check at his hotel and got the money. But an hour later the cashier asked him to make out another check, as the first was wrong in its Portuguese and other details.

"We do not use many checks in Brazil," said the clerk.

"Is that so? Why, the first thing

every American business man does when he stays in a new place is to open a checking account."

"Yes, we see that in the movies," assented the clerk. "In the United States it is checks, checks, checks!"

Another American took a Brazilian girl to the movies one afternoon without a chaperone. Next day a curious Brazilian "Johnny" wanted to know all about it.

"Did you see Senorita Corcovado yesterday?" he asked subtly.

"Yes," replied the American.

"Where did you see her?"

"At the cinema."

"Accidentally?" asked the Brazilian, scarcely believing that he heard rightly.

"No—by appointment," replied the American easily.

"Well, I don't understand that girl," declared the astonished Brazilian. "She is getting American ideas!"

### COPY AMERICAN STYLES

**M**OVIE FANS at home have sharp eyes for discrepancies in a show. But movie fans in Latin America keep a keen watch upon the details of our clothes, furnishings and customs in the American films, and because the men note our different ways of working, and



the women the greater social freedom of their northern sisters, it has been declared that American movies are our best medium for really getting acquainted in Latin America.

Rio de Janeiro was one of the first cities invaded by American movies, and the first place abroad, apart from London, where an office was established for film distribution. This happened in the fall of 1914. French films dominated Latin America then, and exhibitors were partial to them; but audiences immediately liked the clean-cut stories and action of Yankee films, and today they are everywhere on the southern continent—so much so that both the French and the British are studying our meth-

#### SIX SHOWS EACH DAY

AS IN most Latin-American countries, the "section" system is followed in Brazil instead of our continuous system of presentation. That is, theatres give three separate shows in the afternoon and three in the evening, of about one hour in length, each with its separate audience. Over the ticket window there are always two clocks, one going, showing the real time, and the other stationary, showing the time when the next show begins.

Rio de Janeiro is still in the "store" stage of movie-theatre development. Mercantile premises, fitted with stage, seats and projecting room, give such restricted capacity, as compared with the true "picture palace," that in Rio de

exhibitor to try anything new, however. Given a special demonstration of a first-class, high-tension American projecting machine, he admits that it is better than his own rattletrap from Europe, five years old, but that, if installed, he would have to teach his projectors how to run it! He concedes that there may be some danger in uninclosed film, and that the universal practice with us of inclosing the film has safety advantages, but then he has never had a bad fire. And the same with American screens, comfortable American seats and other refinements of the picture business.

One exhibitor in Rio de Janeiro is now building a theatre of fairly large capacity on the Avenida, especially designed for picture presentation. But no argument presented by experienced Americans



VIEW OF RIO DE JANEIRO FROM A MOUNTAIN SUMMIT AT CORCOVADO

ods of both production and distribution.

Really, Latin America has yet to see the real thing in American movies. The films shown up to this time are anywhere from one to five years old. Instead of our standard five reels, the Latin-American exhibitor chops a story into ten to twenty pieces, and advertises it as so many "acts," to give an impression of big value for your money. Between each of the acts there is a pause, and lights are turned up with the idea that people want to see each other as well as the pictures. Projecting machines and screens are far from modern, so the pictures flicker, and are dim, and frequent breakage of film results in whole episodes disappearing from the story.

Janeiro a curious institution has grown up—the salon de espra—where one audience waits outside while another is being entertained. The salon de espra is an inclosure with seats and a separate orchestra, which plays maxixes, tangos and American ragtime, to attract passersby with their 500 reis pieces and hold them until the next show opens.

American movie men maintain that our continuous system would be more popular and profitable, for Brazilians already have the continuous habit in cafes, and would probably take to frequent short sips of melodrama as they do to frequent short sips of coffee. These salons de espra are, moreover, maintained on some of the highest value Avenida real estate in the Brazilian capital.

It is difficult to persuade the Brazilian

would persuade him to install a Yankee ventilating system.

#### CUBANS APPRECIATE VENTILATION

COMFORT is as great a consideration with audiences as the pictures themselves. A big picture palace was opened in Havana. It had the first typhoon ventilating system installed in Cuba. This system takes air from ducts near the roof, blows it down on the audience and out the front doors, making a gale almost strong enough to blow one's hat off. Latin Americans, especially in the tropics, have almost a superstitious fear of ventilation. At first the Cubans went into this theatre against the gale with heads bowed and handkerchiefs over their mouths and noses. But box office re-



ceipts showed an immediate increase, and in a few weeks everybody liked the greater comfort. As Rio de Janeiro is semi-tropical part of the year, Americans maintain that ventilation would be a profitable box-office investment.

Among the fifty movie theatres in Rio de Janeiro and 600 throughout Brazil, the small exhibitor, with his converted store, is still dominant. But Americans believe that there are numerous opportunities for success in the building of real picture palaces, with presentation of first-release programs and good projection. Such a theatre would probably call for an investment of \$1,000,000 in Rio de Janeiro on expensive Avenida real estate, but the times are ripe for it, and competition, not so keen as at home, would give the first promoter a couple of years' leeway to establish himself. Other Brazilian cities offer similar opportunities with less capital—in Sao Paulo, for instance, a live factory and farming center, with nearly 500,000 people, there is no movie theatre open in the daytime, much less a picture palace.

An American movie man recently visited Brazil, offering original releases for the first time—that is, taking contracts for feature films still in the process of making, to be exhibited practically as soon as shown in the United States. The exhibitors in Rio de Janeiro, accustomed to marked-down prices on films several years old, advised him not to take the trouble of getting his stuff through the customs house—his prices were far too high and his proposition hopeless. But in two weeks he had placed everything he had, demonstrating that the Brazilian exhibitor is not so conservative after all.

Our western films are by far the most popular in Brazil, and the big stars, like Mary Pickford and William S. Hart, are favorites with audiences in the better theatres along the Avenida. But the backbone of distribution, as at home, is in the hands of smaller outlying theatres,

and there the cowboy actor and the ingenue of lesser reputation are just as popular. Charlie Chaplin is popular and widely advertised in most Latin-American countries. But not in Brazil. The Brazilians say that he is "only a clown," and it is difficult to place him at bargain prices for ancient releases. But American distributors maintain that this is due more to unskillful exploitation than real merit. Chaplin films did not come to Brazil until the vogue of the one and two reeler had passed, and thus exhibitors found difficulty in incorporating him in their programs.

Brazil takes nearly one-third as much

worth before somebody grabbed him and gave him a bigger job, despite the fact that his books dealt with American law only and in English. This reflects the Latin-American attorneys' interest in our laws. Very often the abogado on the southern continent can quote you a string of United States Supreme Court decisions and draw clear lines between our laws in different states.

In Brazil this interest is especially keen, because that republic's constitution is modeled on our own, and, therefore, Brazilian attorneys have been studying it for the last twenty-five years. So Latin-American lawyers are excellent customers for our legal publications, and following the work of this salesman a big publishing house in New York is setting up an organization to handle American legal, medical and technical books through booksellers, with stocks on the southern continent.

Again and again Brazilian visitors drop into the American Chamber of Commerce at Rio de Janeiro to see the Yankee steel furniture. Furniture is always an interesting product in Latin America, because high customs duties encourage its manufacture at home, putting the foreign manufacturer at a disadvantage, while, on the other hand, the latter has design in his favor, and can often sell beautiful and novel productions to spe-

cial customers despite tariff charges.

#### FOND OF ROCKING CHAIRS

FOR example, some Latin-American countries are just discovering the comfortable American rocking chair, both plain and patent, and perhaps this interest might be stimulated. But it is not wise to jump blindly into Latin America with furniture, as other local preferences are just contrary—an American bedroom set with its bureau would be unsalable, because people on the southern continent are accustomed to the French wardrobe instead, a substitute for the closets which we build in every



DR. EPITACIO PESSOA, PRESIDENT OF BRAZIL, AND HIS CABINET

American movie film as England and half as much as France—about half a million feet monthly. Argentina takes nearly a million feet monthly, Chile more than 300,000 feet and other Latin-American countries in proportion to population and development of theatres.

#### ARTICLE XIX

#### ATTORNEYS EAGER FOR U. S. LAW BOOKS

RIO DE JANEIRO, Sept. 30.—An American book salesman who canvassed Brazil, Argentina and Chile with a set of our law books sold \$60,000



bedroom but which are usually absent there.

In steel furniture, however, we have something that Latin Americans admire and want for its convenience in filing papers, its simplicity, beauty and durability as well as insect-proof features. Our sales have been somewhat limited in Rio de Janeiro because customs duties are high and charged by weight, and freight on such stuff is high, too.

It has been suggested that we make special light-weight types of steel office and filing equipment for export by way of cutting down freight and tariff costs and lowering the price to the purchaser.

Most of the attorneys in Rio de Janeiro share the narrow Rua do Rosario with the codfish dealers, the latter on the ground floor and the abogados above. Legal documents in most Latin-American countries must be made out to conform to government regulations in the slightest detail. These regulations make for uniformity, but not always for convenience or safety.

Patent documents in Brazil, for example, must be filed in pasteboard boxes somewhat like those in which you buy pianola rolls and stacked away on a dusty shelf, taking up space and at the mercy of any one who throws a lighted cigarette end in that direction. Millions upon millions of dollars' worth of valuable documents are filed thus in attorneys' offices and government bureaus throughout the southern continent. If the government regulations were changed the Yankee manufacturer of modern filing equipment, compact and fireproof, could probably sell his products in large volume. To change government regulations is a matter of education and admittedly a big job, but perhaps this particular job is best worth tackling at the biggest end, for the governments themselves would be among the first customers, and modern filing equipment would unquestionably pay for itself in security and labor saving.

The American Chamber of Commerce in Rio de Janeiro now has its arbitration agreement with the Associacao Commercial of Rio de Janeiro, and American business men are urged to incorporate the arbitration clause in contracts when dealing with Brazilians. This clause is as follows:

"All disputed questions which may occasion controversy relating to this contract shall be submitted to arbitration under the rules adopted jointly by the Associacao Commercial of Rio de Janeiro and the Chamber of Commerce of the United States of America."

#### DISPUTES TO BE ARBITRATED

THEN when disputes arise arbitration can be asked for and will be conducted either in Brazil or the United States through impartial committees of both Brazilians and Americans. If an



agreement is made between the purchaser and seller for arbitration disputes may be settled in either Rio de Janeiro or New York. In case there is no agreement to this effect the arbitration will be conducted in the country where the merchandise is delivered or where the controversy arises.

It is often said by Yankees in Latin America that the men use more cold cream and perfumes than our women. Certainly such toilet articles are on a very different basis from trade at home. In the United States a shop devoted solely to the sale of perfumes and cosmetics is practically unknown, but even in smaller Latin-American cities such shops abound, and it is not considered unusual for the proprietor of a perfume shop to purchase goods by hundreds of dozens in one order. Every barber shop in Latin America is also a respectable toilet goods store, with perhaps haberdashery, hats and even clothing as side lines.

Latin Americans like plenty of perfume, and brillantime and oil for the hair are used lavishly by both men and women. They like their perfumes strong and are partial to the most expensive kinds. At home such goods are incidentals in the stocks of other merchants, but in Latin America they have a retail distribution entirely their own and one of the most comprehensive on the southern continent.

A big retail grocery house on the Avenida Rio Branco in Rio de Janeiro not only makes wonderful displays of tempting eatables in its windows, but every night and on Sundays makes a special floor display of a novel kind. There are several doors to the premises, and these are glass right down to the floor. Through these doors one can see far back into the store along the clean tile-paved floors. Every night before quitting the clerks begin at the end of these aisles and arrange rows of jars, cartons, bottles and other container foods. Marshaling food packages in rows like soldiers, they work their way to the doors and then finish up with displays which, when the glass doors are finally closed, convert the latter into additional show windows.

All over Latin America the people



make abundant use of silk ribbons symbolizing the national colors of their own and other countries. In Argentina this ribbon has two stripes of blue with one of white between; in Brazil one stripe of green and one of yellow; in Uruguay four stripes of blue and five of white, and so on.

#### HAVE SYMBOL FOR U. S. FLAG

OUR own national colors are symbolized by four broad red and three broad white stripes taking about two-thirds the width of the ribbon and then four narrow blue stripes alternating with three narrow white stripes to symbolize the union section of our flag—sometimes a continuous line of stars is woven along the ribbon. The custom probably arose from the everyday relations among twenty Latin-American republics, each with its own flag.

It is a pretty and courteous custom, for the ribbons are used as decorations in public gatherings, for the table at banquets and like purposes. If a Latin American sends your wife a bouquet he will not omit to have it ornamented with ribbons symbolizing your country and his own, and if he happens to be, say, a Uruguayan living in Buenos Aires, he will add the ribbon of his own republic to that of Argentina and the United States.

Every ship coming north to the United States nowadays has its little group of Latin-American boys (and often girls, too) on their way to school in our country. Some of them are big boys seeking engineering, medical or other technical education. Others are graduates of Latin-American universities who desire post-graduate courses with us.

Then there are some small wild boys, with whom the folks at home have been unable to do anything, sent to specific schools in the United States that have turned other wild boys' energies into useful channels in the past. When the girls seek schooling it is usually at private seminaries, as university training for women is something which will probably be more popular tomorrow than it is today.

#### ARTICLE XX

#### LANGUAGE OF BRAZIL IS PORTUGUESE

RIO DE JANEIRO, Oct. 1.—At school you probably learned the major South American cities by rote and then promptly forgot whether Montevideo was on the east or west coast, or Rio de Janeiro on the Amazon or the River Plata.

People forget facts usually because they have no specific memory pin to hang them on.

Here is a memory pin for the capital of Brazil:



Rio de Janeiro is named after a river that never existed.

Its name means "River of January." The original discoverer, sailing into the spacious bay, thought he had found the mouth of a great river and named it after the month of discovery. There is no river. Yet the people of Rio de Janeiro proudly call themselves "fluminenses," or "river folks."

The name seems long to strangers and they usually make a mess of the pronunciation or fall back upon the convenient and not particularly pretty abbreviation of "Rio." A Brazilian will quickly teach you to pronounce the whole name quickly and easily—he uses a French "j" and slurs the "de" so you can hardly hear it, saying "Rio d'Zhuh-nare-o." It will sound to you more like "Rio-zhuh-nare-o."

Business correspondence and advertising matter in Spanish are constantly coming to Brazil from the United States, regardless of the fact that Portuguese is the national language. Students of Spanish at home vaguely assume that it will be something just as good in Brazil, or that Spanish and Portuguese are so much alike that there isn't really any great difference.

Actually the languages are vastly different in character, grammar, spelling and pronunciation, Portuguese being by far the more difficult of the two.

#### FRENCH LANGUAGE USED

IN Rio de Janeiro and other Brazilian ports so many visitors are constantly dropping in from the Spanish countries that the language is comprehended and the Brazilian replying in Portuguese understood. Even an amateur's smattering of Spanish gets results, because many of the servants are Spanish immigrants.

But French is a far better language to know, because many Brazilians, like the educated Spanish-American, speak French, having learned it at school. And many also speak English, because Brazilians have long been doing business with Yankees, and are easily our warmest friends in Latin America and like to do us the service of learning our language. Spanish advertising literature and catalogues are understood in Brazil,

Canal, while in area Brazil, larger than the United States, excluding Alaska, has 3,295,000 square miles, against 3,755,000 square miles of Spanish-speaking countries in South America proper.

#### BRAZIL RETAINS OLD PORTUGUESE SYSTEM OF COINAGE

BRAZILIAN money is also different. Strangers usually find it puzzling, because everything is priced in "reis." A nickel coin as big as our half dollar,

marked 400 reis, looks like a lot of money, but is really only a ten-cent tip for a waiter. Rather oddly we have the same sort of money ourselves. For there are, theoretically, ten mills in a cent, and if we called a dime 100 mills and a dollar 1000 mills we would have the equivalent of Brazilian money. The Brazilian dollar is the milreis, or "1000 reis," but it happens to be worth in our money today only twenty-five cents.

The system came from Portugal. Back in the Middle Ages, when real money was scarce, and laborers earned a penny a day, and a shilling would buy as much as a five-dollar bill now, the smallest Portuguese coin was the "real," plural "reis." In those happy times a "real" would actually buy something. But today 1000 "reales" buy very little. Portugal has abolished this system, but it still

prevails in Brazil, and a very little of our money figured in this way makes you a millionaire—until you come to pay 2000 reis for a cigar and 20,000 reis for a dinner, and find you are only a milreiseno.

But about that time you will probably discover the "conto."

An American woman saw some pearl necklaces in a jeweler's window on the Avenida Rio Branco, priced at what appeared to be eight milreis, or two dol-



NEW PALACE HOTEL. U. S. BUSINESS MEN'S HEADQUARTERS IN RIO

but also resented, for they convey the notion that the country was not considered important enough to justify separate translation into Portuguese.

The American taking up a language at home invariably chooses Spanish, assuming that Portuguese is negligible. But it is well to know that every third person in Latin America speaks Portuguese, and that Brazil has 25,000,000 population against about 35,000,000 Spanish-speaking population south of the Panama





PALACIO MONROE, WHERE THE BRAZILIAN CONGRESS MEETS

lars. "What wonderful imitations!" she said, entering the shop and choosing critically from a huge tray laid before her.

But the real price was eight contos! She had not noticed the little colon mark after the eight, nor did she then know what it meant. A conto is 1000 milreis, or \$250, and her imitation necklaces were the real thing at \$2000 a string!

Sums of Brazilian money are written in a way that is odd, yet quite logical. Reading from right to left come first the reis like our cents, occupying three places instead of two, however; then a dollar mark, and after that the milreis are written up to 999. Then comes the colon mark and after that the contos begin.

Here is the way it looks, the sum being two thousand one hundred milreis five hundred reis: 2:100\$500.

#### AMERICANS LOOKED TO FOR DEVELOPMENT OF RESOURCES

**A**NOTHER little oddity is Brazilian time, the twenty-four-hour system being quite generally followed, so that your dinner begins at nineteen o'clock, and the theatre at twenty and three-quarters o'clock—the hours are counted from midnight and these are equivalent to seven and eight forty-five p. m.

Yankees are still distinctly a novelty on the streets of Rio de Janeiro, as in Buenos Aires. The Brazilians take close note of their clothes and behavior, but without staring. Old-timers say there has not been so interesting a street attraction since pre-war days, when British

colonials stopped off on the way home and walked up the Rio Branco in their pith helmets. A funny feature of the city's carnival time is the pith helmet.

The warmth of Brazilian feeling toward Yankees today is very marked. For a hundred years or more Yankees had been rolling down to Rio for trade, whaling and other ends, but not in force, and the Brazilians, like other Latin Americans, made Yankeeland itself a profitable bugaboo in their heated politics. When war brought Yankee goods, however, and later the Yankees themselves, and Brazil was second only to Cuba in following us into the war, her viewpoint changed, of course, and she now welcomes Americans, looking to them to assist in the development of her enormous resources.

The future is in our own hands.

Upon this cordial feeling broad-gauge, constructive Americans must build in Brazil, and for the Brazilians, in the biggest possible way.

#### ARTICLE XXI

#### U. S. CREDENTIALS NEEDED IN TRADING

**RIO DE JANEIRO, Oct. 2.**—An

American export manager went down to Rio de Janeiro himself to establish trade connections. He found an importer capable of handling his line, and gradually worked up the deal until it was hot and the importer enthusiastic and ready to sign a contract. Then he found that, through a slip of his corporation's legal department at home, he lacked power of attorney and could not

sign himself until one arrived by ship on urgent cable message—a wait of five weeks. No salesman need be told how buying enthusiasm slumps from the peak during such a stage wait. By the time power of attorney arrived that importer had cut his order in half.

In another case the president of a large American corporation visited Brazil to investigate supplies of raw materials. A big deal was shaped up, promising great economies to his company and new markets for the delighted Brazilians. When it came to signing contracts he was unable to prove himself president of that corporation, or, had he been able, could not prove the scope of his authority. Power of attorney would have made everything smooth, or, failing that, a certified copy of the meeting of his corporation's board of directors showing his election to office, backed by an extract from the by-laws indicating the scope of his authority as president.

Legal complications may look insignificant when one starts for Latin America or sends a representative. American business men assume that there are lawyers down there who can "straighten things out." But from the other end very small trifles often create large legal complications, and though Latin America abounds in able lawyers, they can do little for the Yankee visitor who has come unprepared.

#### AMERICAN HAS PRACTICE

**V**IEW this situation through the eyes of an American attorney practicing in Brazil—Dr. Richard P. Momsen, the



only American ever admitted to the bar in Brazil, and also the only foreigner.

Doctor Momsen started his career as secretary to a congressman in Washington, studied law nights and was admitted to our bar. He then went into the consular service, beginning as a stenographer in Rio de Janeiro, and rising to full charge when Consul Gottschalk, coming home during the war, was lost on the Cyclops. Again studying nights at the Law Faculty of Rio de Janeiro, he passed the stiff examinations and was admitted to the Brazilian bar in 1917. Today he has a law office specializing in American practice, with three Brazilian partners. One of them is a law graduate of the University of Pennsylvania, Dr. Pedro Americo Werneck, who handles trademark and patent cases, with the assistance of his brother, a University of Pennsylvania engineering graduate, whose technical knowledge is highly important in the handling of such cases, as will be seen later. Another Brazilian partner specializes in translations, and the third in marine practice, rapidly growing as our merchant marine increases.

Until this office was established the American business concern with interests in Brazil had difficulty in getting opinions on Brazilian law in English. There are able Brazilian lawyers who speak English, of course, but the problem goes deeper than language. To handle Brazilian legal matters for American clients one must know something of American law and business methods, and how one's client thinks and does business, and what he wants specifically to do in Brazil.

Take powers of attorney as an example. Doctor Momsen says that every business man coming to Latin America on any mission whatever should have a power of attorney drawn up with the widest scope and most careful exactness. This is so important that he is preparing a pamphlet for American attorneys, showing how such a document should be drafted.

The power of attorney can be written in English. This gives greater accuracy and freedom than any attempt at Portuguese, and upon arrival in Rio de Ja-

neiro it is turned into Portuguese by an official translator, whose version alone is accepted in the courts.

#### POWER MUST BE CERTIFIED

**IT MUST** be certified by a Brazilian consul in the United States—absolutely!

If more than one country is to be visited, there should be separate powers of attorney for each country, for an American who appoints a representative in Brazil and then goes on to Argentina must often provide his representative with an original power of attorney, to be produced if the latter carries out any unfinished business involving legal matters.

A telegraphed power of attorney is not recognized in Brazilian law.

Powers must be detailed and broad, because Brazilian law interprets them in the narrowest terms. Among some thirty broad requirements for an American doing legal business in Brazil, Doctor Momsen enumerates:

Power to sell, give away and by other means alienate property; to mortgage property; to admit and settle debts, give receipts and releases, draw and indorse and accept bills of exchange, transfer bonds of public debt, issue and indorse and guarantee promissory notes; to appoint arbitrators and accept their decisions; to name and appoint attorneys, representatives and substitutes, without which legal proceedings in the Brazilian courts cannot be instituted; to organize corporations, vote at stockholders' meetings of corporations, make declarations under oath, accept or contest legacies, test the capacity of judges in court. Under

certain circumstances a power of attorney should even cover the right to contract or annul marriage or take public office.

Official translating is a very large part of legal practice where American concerns do business in Brazil. Briefs and legal papers, evidence and powers of attorney, and even correspondence, must be put into Portuguese by translators who are themselves attorneys and authorized by the courts to do the work. Applications for patents and the registry of trademarks require a technical knowledge as well as good Portuguese and good law, because a very slight error in turning a claim from one language into the other might cause the loss of valuable rights and open the way to lawsuits later.

Doctor Momsen says that such papers should always be drawn by lawyers in the United States, as only experts can cover all points and meet Brazilian official requirements. Applications must be made in specified form, on paper of specified size, and with drawings made in specified ways. In his own practice he works with expert patent attorneys in the United States, and constantly keeps them posted on changes in the Brazilian requirements.

Another important branch of practice is the registry and protection of American trademarks. Like most Latin-American countries, Brazil permits the registry of foreign trademarks regardless of true ownership, so that valuable American trademark rights have been stolen. No reputable Brazilian business concern would register an unprotected foreign trademark, and this kind of theft is not as common as is assumed.

#### BE WARY OF TRADEMARKS

**BUT** petty tricksters, and sometimes enemies, register a foreign trademark in Brazil, and later when the rightful owner wishes to sell his goods in Brazil under that mark he must buy the rights or have his goods seized.

This suggests that Latin-American countries have a philosophy different from our own in trademark matters—as they have.

Because valuable trademark rights have not been built up in those countries to the same



FEDERAL HOUSE OF REPRESENTATIVES IN SESSION





PRESIDENT WILSON STREET IN RIO DE JANEIRO, NAMED AS AN EXPRESSION OF BRAZILIAN ADMIRATION

extent as in the United States, legislation is not yet so clearly developed. Two general systems of trademark legislation prevail throughout the world—the declarative and the attributive. We follow the declarative system, under which trademark rights are acquired by use, and registration is only *prima facie* evidence of ownership, and may be overcome by counterevidence. Brazil follows the attributive system, under which ownership does not arise from use, but out of an administrative act, that of registration.

Working with the American Chamber of Commerce for Brazil, as legal adviser, Doctor Momsen is now suggesting certain modifications of Brazilian trademark laws. Perhaps the most important is to extend the period allowed for suit in case of trademark theft to five years. At present an unscrupulous sharper can register an unprotected American trademark in Brazil, and after six months the original owner in the United States, who may not be aware at all that his trademark has been stolen, loses all right to take legal action. The disposition of the Brazilian authorities seems to favor modifications of the law.

Still another thriving branch of practice is the incorporation of American concerns in Brazil. So long as American houses do business simply through a Brazilian importer, transactions are chiefly on a basis of sale and purchase. But when a representative is sent and a branch opened there is every advantage in forming a separate Brazilian corporation, or at least obtaining authority from the Brazilian Government to operate in the country as a domesticated foreign corporation.

Brazilian corporations pay a federal tax of 5 per cent upon their dividends,

and this has unquestionably led some American concerns to look upon Brazilian incorporation as an expense rather than an advantage, or to be satisfied with domestication, as a domesticated foreign corporation is exempt from this tax. But in many cases Brazilian incorporation gives business facility worth many times the cost of taxation.

A Brazilian corporation, for example, is exempt from burdensome taxes now being levied by other countries. It permits enlisting Brazilian capital and directors. The Brazilian Government may cancel a domesticated foreign corporation's right to do business in the country, but not that of a Brazilian corporation.

In addition to strict legal requirements and the difficulties of official translation, there are certain formalities to be observed and certain taxes to be paid in forming a Brazilian corporation or domesticating a foreign corporation in Brazil, so that legal aid of the best kind is needed.

## ARTICLE XXII

### NO ANTI-U. S. FEELING AMONG BEST CITIZENS

**RIO DE JANEIRO, Oct. 3.**—In a world full of gossip about trade enmity toward the Yankees and rumors of anti-American propaganda, Rio de Janeiro holds the distinction of being the one place where anti-American propaganda has really come to the surface in printed form and received international attention.

"You will find Rio de Janeiro a hotbed of anti-Americanism," the writer was told in Buenos Aires, with intimations that printed attacks on Americans were being inspired there by the British. De-

cidedly curious to see just what a real hotbed of such propaganda might really be and ascertain just how it works, this was one of the first matters investigated.

The printed anti-Americanism was tangible enough, and will be remembered by newspaper readers in the United States. Last May Associated Press dispatches reported that Madeiros de Albuquerque, one of the prominent journalists of Brazil, had attacked a rumored project to cancel some of the war debts of England and France by surrendering securities of Brazilian railways to the United States. This would have transferred the control and operation of Brazil's railways to the Yankees.

Only two months before Senhor Albuquerque had been in the United States, writing warmly about our idealism, our war sacrifices and our war effort. Turning from a friend into an open enemy, he followed up his first article with paid notices in a Rio de Janeiro newspapers, over his signature. These articles were published in a way peculiar to Brazilian journalism. Anybody with anything to say can insert it as a paid notice in a special department of a newspaper and make his views as strong as he pleases. The articles alleged the old motives of conquest in Latin America by the United States, which have long been a staple in politics on the southern continent—not to speak of Canada.

### MOVIE EXPERIENCE INFLUENCED JOURNALIST

**BRAZILIANS** in the United States made every effort to discredit these articles. Senhor Sebastiao Sampaio, Brazilian consul at St. Louis, gave the newspapers one of Albuquerque's previous articles praising the United States. Brazilian students and visitors wrote to our newspapers expressing their own cordial feeling and insisting that Albuquerque was not representative of real Brazilian feeling toward us.

When President-elect Pessoa visited the United States some weeks later he did not touch upon the matter, but members of his party answered questions with a subtle syllogism. They said:

"There are some international things. Money is an international thing. This man is an international man."

Viewed in his own home town, Senhor Madeiros de Albuquerque is an interesting figure. During an extravagant presidential administration some years ago he courageously opposed people in power and spent four years in France as a consequence, a voluntary exile. For years his articles have been influential in Brazil, and he is also a journalist of reputation in France. For journalistic services to the allies he was decorated with the Legion of Honor. But when Brazilians in the United States declared that this journalist was not representative they meant more than was said openly—that



through distinct changes in his views during the last few years he has lost prestige in the Brazilian press.

To explain the sudden cooling of his friendship for the United States in the early spring of 1919 an interesting story is told.

The story goes that Senhor Albuquerque brought some movie scenarios of his own writing to the United States, and that they were submitted to the scenario departments of a dozen big movie concerns. Evidently not the sort of stuff of which movie dramas are made, they all came back with printed rejection slips. If this be true, then Senhor Albuquerque may be pardoned for thinking that our idealism was permeated with business practicality—and we can still like him for his sturdy opposition in the past to objectionable politics in his own country.

The big man's writings encouraged some little writers in Rio de Janeiro. Certain small newspapers in that city of abundant newspapers began printing malicious anti-American squibs of a kind not very subtle, yet irritating to Yankees in Brazil. These squibsters alleged that Washington was only a traitor, Monroe an earlier Kaiser Wilhelm, that Thomas Jefferson was not good to his mother, and so on. Their irritation lay mostly in their scurrility.

#### BRAZIL PRESS POPULARIZES PROPAGANDA

SOME Yankees in Rio de Janeiro grew so restive that they went to the editor of an offending paper and said they would withdraw their advertising if the articles continued. Now they admit that they were excited. The articles stopped, but their author was taken into the columns of a still smaller newspaper, which ran them for some weeks.

One day, when this author appeared with a fresh budget of anti-American articles, the editor received him coolly.

"Not a single American has been around here to offer us advertising to stop printing your articles since we began," he said, in disgust.

There has been other propaganda in the Brazilian press against France and the allies generally, over questions like the German ships seized by Brazil and Italy's interest in Fiume. Rio de Janeiro has a large Italian colony, and it made anti-American demonstrations during the Peace Conference. But both demonstrations and articles bubble up freely in Latin countries during such times of tension—and bubble down again just as quickly.

In respect to feeling between Britons and Americans, Rio de Janeiro offers a curious paradox. On one hand it has its fine Club Central, where Britons and Yankees gather daily and every effort is made to encourage teamwork on both sides. But because Americans have gained a strong foothold in Brazilian trade dur-

ing the war, and Britons are naturally apprehensive just now, and also because British ships carry our business men and goods, and communication between Brazil and the United States is over British cables, there are ample opportunities for irritation.

An American salesman sent several urgent business cables to his house in New York. Days passed, but he received no reply. After turning over every contingency in his mind, he began to wonder if there might not be something in rumors of British cable censorship on American business affairs. Finally, he went to the cable office to take the matter up with the manager, and discovered that the reply had been waiting there a week, but with his name garbled so that delivery had been impossible.

#### POOR ACCOMMODATIONS ON BRITISH STEAMSHIPS

A WEALTHY American business man who wanted to go home from Buenos Aires found that the earliest passage obtainable was by a British ship to England and from there to New York. He paid nearly \$2000 for the three best cabins on the boat. He is a big man physically. On the short run across to Montevideo the food proved so bad and the beds so narrow that in the Uruguayan capital he bought his own beds and \$150 worth of provisions.

Even this did not make the ship tolerable, because it was dirty. Conditions of filth in haths and toilet rooms were indescribable. The captain, just released from service on a British mine sweeper, listened to the American's request that a little soap and water be used in the toilets connected with his cabin, and sent around a steward, who whitened things up a bit with disinfecting powder.

This American decided to break his voyage at Rio de Janeiro, taking his chances of getting a ship from there to New York. Despite the fact that dozens of passengers were available from Rio de Janeiro to England, the steamship com-

pany refused to refund passage money for the remainder of the voyage, or to permit the American to sell the rest of the passage himself. That ship left Brazil without a single American or British passenger aboard, others having broken their voyage for the same reason. The inference is that this American's cabins were sold again by the steamship company, and when Americans discuss treatment like that, they naturally look forward to the establishment of our own passenger facilities.

#### ARTICLE XXIII

#### U. S. NEEDS GOOD SHIPPING AGENTS AT FOREIGN PORTS

RIO DE JANEIRO, Oct. 5.—Washington has two tough old nags on which it loads every odd job—the postmaster at home and the United States consul abroad.

When Washington began operating merchant ships, and it became necessary to look after our shipping interests in the world's ports, it was apparently natural for the government mind to say:

"Why, we have consuls in every port in the world—let the consul be our shipping agent!"

And thus it comes that merchant ships operated by Uncle Sam, reaching as important a port as Rio de Janeiro, are handled by the United States consul. Already overburdened with work, he is not familiar with shipping business. Yet Washington pits him against some of the best shipping agents in the world. Even our new privately owned merchant ships, while handled by agents in such a port, are usually turned over to representatives of other nationalities, and, often blindly, by cable.

In going to school to learn the ocean game all over again we seem to have skipped some important lessons. In the first Primer of Ocean Shipping there is a whole lesson devoted to the shipping agent skipped or forgotten. If we had learned that lesson thoroughly we would



MAKING A QUICK REPUTATION FOR A U. S. AUTO IN RIO WITH A CIRCUS STUNT



never be trying to handle our merchant ships abroad by long distance.

The shipping agent is to ships what the traffic manager is to railroads, plus the division superintendent, the chief train dispatcher, the dining car superintendent and a good squad of freight solicitors. Put in railroading terms, we should realize its importance. Not even a Washington bureau chief, given a railroad train, would try to run it from New York to San Francisco and back without the aid of these skilled railroaders. But given a brand-new ship and right of way on the ocean, we try to do it in ocean transportation—and it doesn't work at all.

It is not too much to say that American merchant ships without first-class American shipping agents in every port are worse than no ships at all, whereas even foreign ships chartered and worked by American shipping agents might be made efficient tools for building up our world trade.

First of all, a ship must have freight. Freight calls for salesmanship and service on the ocean no less than the railroad. We solicit a cargo of miscellaneous freight at home, send it in one of our new ships to Rio de Janeiro, and leave the rest to a foreign agent whom we have never seen or to the United States consul. What happens?

#### WATCH FOR PILFERING

**A**MONG other things this:

There is much pilfering of merchandise between the United States and Latin America. Cases arrive apparently intact, but with valuable goods gone. When such shipments are opened at the Brazilian customs house the authorities send for the shipping agent to verify the shortage. Agents of British, Brazilian and other ships not only verify promptly, but immediately pay consignees the value of stolen goods—which is shipping service. Agents of American ships have the reputation today in Rio de Janeiro of neglecting such matters, whereupon the consignee is notified, compelled to go through a tedious official routine and receives no compensation for stolen goods. Naturally he asks that his next shipment of goods from the United States be sent by British or Brazilian steamers.



NOVEL TYPE OF BRIDGE IN RIO HARBOR. PEOPLE ARE FERRIED OVER INSTEAD OF WALKING

In ordinary times return cargoes from Brazil to the United States are the chief factor in keeping ships busy. There is active competition in soliciting Brazilian freight. We really need well-paid traffic men who can create freight through service, as is done by our railroads. For lack of such men abroad in the past, quite as much as for lack of ships, other countries have controlled our ocean traffic and built their own trade at our expense.

Ships have to be turned around quickly. In his capacity as train dispatcher the competent shipping agent is waiting to board a vessel the moment the port authorities have finished with her, has her papers, berth and stevedores ready, takes her captain to the consignee in his car and saves hours of time in turning her around at several hundred dollars an hour. If the agent is an incompetent long-distance appointee, or, worse yet, an alien with alien business interests, he may waste days where the competent agent saves hours—and the distant owners in the United States have no way of checking him up.

What happens when Washington shifts this complex business on to the United States consul by cable is shown in a case that aroused a good deal of criticism in Rio de Janeiro last summer, when a whole fleet of Norwegian sailing ships chartered by our government sort of got lost in Rio harbor and lay idle at \$7000 a day demurrage. Nobody at Washing-

ton seemed to have anything for them to do, and expense to the government was stopped only by urgent pleas from the consulate that this fleet be put to work.

As dining car superintendent, the shipping agent must buy provisions and stores, and as division superintendent see that repairs are made when vessels are damaged. In all the ports of the world, including our own, there are crooked ship chandlers and drydock concerns. It takes all the business

ability of a first-rate agent to deal with these matters to advantage, and distant owners suffer loss of money and time where badly or dishonestly represented. There have been several instances in Rio de Janeiro the last year where American merchant ships have been tied up or abandoned through legal complications arising from claims for exorbitant repair bills.

Instead of having a competent American agent in foreign ports, some of our ship owners leave all these matters to their captains. The captain may lack business ability, be of foreign nationality or dishonest. Whether innocent or dishonest, a scheming ship chandler or drydock man knows how to involve him in some shady transaction to rob the owner through overcharges for provisions and repairs. In the absence of an agent anything the captain does along this line makes the ship legally responsible.

#### TROUBLE WITH CAPTAIN

**A**BOUT a year ago an American ship under a foreign captain salvaged another ship into Rio de Janeiro. This captain immediately became interested in his salvage money and took steps to keep his own ship in port while the case was being settled. Ordered to sea by his owner, who could only direct matters by cable through the United States consulate, in the absence of an agent, the captain first asserted that the ship was out of order. An expert had to be sent from the United States to make a survey, and pronounced the ship seaworthy. This was a small auxiliary motor ship, and the captain then complained that he could not run on the oil obtainable in Rio de Janeiro. Experts examined the oil and pronounced it good. Then the captain claimed that his chief engineer had slandered him and brought criminal





suit in the Brazilian courts, where the case dragged on until dismissed. Then the consulate directed the owner to discharge the captain, leading to further complications. Finally it was necessary to put a United States naval officer aboard the vessel until another captain could be found. This ship lay in Rio de Janeiro harbor more than six months, yet representation by a capable agent, to whom the captain would have been directed to report on arrival, was the obvious way of preventing all that trouble and loss.

One line of American ships, at least, running between the United States and Brazil is managed efficiently, with its own American representative in Rio de Janeiro. This is the United States and Brazil Steamship Line, the cargo service of the United States Steel Corporation, started in 1913. It is not only handled by broad-gauge American steel men, but James A. Farrell, president of the United States Steel, happens to be the son of an American ship owner of other days, and takes the keenest personal interest in the ocean delivery service through which United States Steel markets its products abroad.

The Philadelphia house of E. J. Lavino & Co., importing manganese ore from Brazil and making ferro-manganese, also operates its own and chartered ships through its branch in Rio de Janeiro, with efficient American supervision.

Our flag is really coming back on the ocean. In every Latin-American port one now sees the Stars and Stripes on the fabricated steel cargo carriers and the squat wooden Ferris steamers built for the war emergency.

But unless the American energy and business ability which built these ships and finds them cargo at home are applied to their operation in ports abroad, our flag may disappear again.

If Uncle Sam intends to own and operate the ships he must stop dabbling by long distance through his consuls, establish United States shipping board officers in every port, under first-rate representatives, and do the job right.

If the ships are to be sold to private owners, then the latter must wake up to the fact that ships call for just as much business management abroad as they do at home,



and that experience and business ability in the handling of ships of other nationalities, through their own representatives, in ports abroad have put us at far greater disadvantages in ocean shipping than any disparity in sea wages. Where American shipping companies operate on a large scale, like the United States Steel Company, it will pay handsomely to put their best men on this job. Where smaller concerns operate a few ships on fluctuating routes the same high-class business representation is possible through the formation of a corporation under the Webb law by a group of such shipping concerns and the opening of offices under capable business men to handle ships for owners wherever they may turn up in world ports.

#### ARTICLE XXIV

### CONFORMITY TO BRAZIL'S TARIFF A TRADE NECESSITY

**RIO DE JANEIRO, Oct. 7.**—A shipment of American goods sent to a Brazilian merchant was carefully wrapped in paper by the manufacturer. Having heard about bad American packing, he took pains to wrap the stuff twice as well as domestic packages. It arrived in excellent condition, but because it was merchandise of high value per pound and the weight of wrapping paper on such merchandise pays duty under the Brazilian tariff, his customer lost money on the shipment.

Instead of repeating such stories, let us see if we cannot get the viewpoint of

the Brazilian business man—follow his transactions as he does business from day to day, carrying upon his shoulders a veritable "Old Man of the Sea."

The Brazilian business man is hard-working, putting in long hours every day. He has to! He is also competent. He must be, for he does business in one language at home and perhaps several others abroad—probably learned French thoroughly at school; is able to get along with Spanish, and knows English as well. In his seaport he must turn pounds, francs and dollars into milreis, watching the rise and fall of exchange from hour to hour. And up-country, where little real money circulates, transactions often take the form of barter.

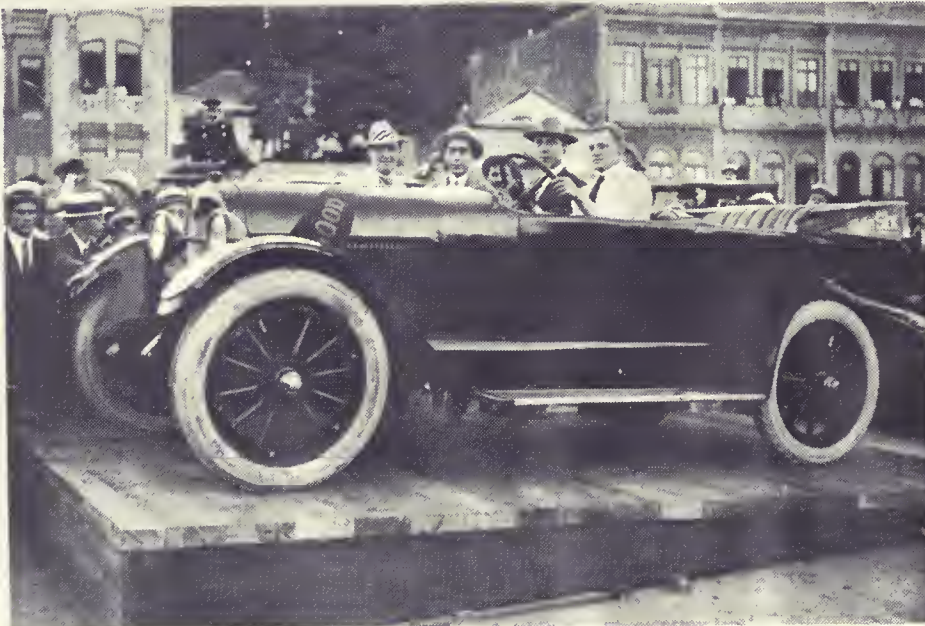
His "Old Man of the Sea" is the Brazilian customs house. Among all the red tape of Latin-American business that of the Brazilian tariff system seems to be admittedly most complex. It would be easy to write about it either humorously or in terms of denunciation. But we are simply going to try to see it through Brazilian eyes, and perhaps add a viewpoint of our own.

Brazil's customs duties are very high. In many cases they have been purposely made prohibitive to build up home industries.

During the war a Brazilian proposed to manufacture seamless hosiery. Before getting his machinery he secured a prohibitive tariff on such goods. In a little while his factory failed, so no seamless hosiery is made in Brazil today. But the prohibitive tariff continues and makes imported seamless hosiery very expensive. Many Brazilians feel that their home industries, such as cotton weaving, shoe-making and the like, not only make merchandise very expensive, but, with labor shortage, draw country people into the towns, to the neglect of the great agricultural resources of the country.

The Brazilian tariff has more than 1000 paragraphs, covering nearly 300 items. Daily changes are published in an official gazette. These changes have never been collected, but are scattered through back issues of the gazette.

Duties are largely computed by weight, not the value of merchandise. Packages and wrapping often pay duty, too. Nickel watches from the United States pay a lower rate than from Europe, because we,



U. S. AUTO USED IN THE SALES DEMONSTRATION



as good customers for Brazil's coffee, have made a diplomatic horse trade on various products. Part of the duty is payable in gold and the rest in paper money, with daily fluctuations in exchange. Then the customs house, besides collecting several different duties of its own, adds internal revenue duties and stamps.

#### OFFICIALS SUSPECTED OF FRAUDS

**I**T takes six to eight weeks to get goods through the Brazilian customs house with the aid of a shrewd customs broker, or "despachante." Every transaction is wrapped around and around with official

papers. Shortly after investigation began there was a brisk fire in that customs house and all the evidence was destroyed. Brazilians themselves admit that if all revenue on imports were honestly turned over to the government their country would soon be out of debt. But officials have ways of expediting a given shipment through the customs house if discreetly encouraged with tips, and also ways of delaying business and imposing fines where business men do not follow the general custom of the country. The American business man in Brazil may try to reform this system single-handed at first, but presently realizes that it is not a one-man

sees that the Brazilians must eventually go to school and profit by the educational value of local taxation. The Brazilians begin to see this, too, but have hardly started in the kindergarten.

"Come and visit our beautiful modern cities," urges the Brazilian, "and learn that we are not Indians."

But once the visitor steps beyond the cities into the real Brazil, life becomes decidedly primitive, with few educational advantages, much illiteracy, great districts undeveloped for lack of transportation and irrigation, and a happy-go-lucky scheme of existence generally.

"God has been almost too good to Bra-



CLOSE VIEW OF SUGAR LOAF MOUNTAIN, WHICH STANDS GUARD OVER RIO DE JANEIRO HARBOR

papers. No step is taken without the review and signature of one official after another.

These officials work very short hours, and one may bluntly state that they are not very competent, nor even thoroughly honest, because the Brazilians themselves frankly say so, and are anxious to effect reforms. They are revising their tariff now under President Pessoa's new administration.

A couple of years ago there was a brisk little scandal in the customs house at one of the North Brazilian ports, with suspicion that officials had connived with importers to cheat the government.

job. Moreover, he sees that the Brazilian system, followed by everybody as a matter of course, can only be improved by the Brazilians themselves.

The Brazilian republic is only thirty years old. Its chief revenues come from import duties. The revenues of its twenty separate states come from export duties, like that of Sao Paulo on coffee and Amazonas and Para on rubber. The idea of local taxation on land and revenue from income taxes is still new. The Yankee, accustomed to such taxes at home, with their concrete community benefits, such as schools, highways, waterworks and other improvements,

zil," declared the thoughtful Brazilian.

With his little plantation of bananas and manioc for bread, his pigs and hens for meat, the country Brazilian can exist without great effort. To get money he can gather wild products—rubber, Brazil nuts, yerba mate, carnauba wax or what not. If he plants crops, they yield luxuriantly, and he uses the product in barter. He is a genial, hospitable, charitable fellow. If relatives or friends happen to be down on their luck he takes them into his large family and his large heart. The family is still his unit of life, and he has not yet acquired the sense of community, that larger family, which is



the unit of our own life and with which so many improvements can be worked out.

### AMERICANS CAN AID NATIVE MERCHANTS

**I**N business the Yankee can help the Brazilian carry his "Old Man of the Sea" by carefully conforming to the requirements of his official system, meeting his suggestions for wrapping, packing, weighing, marking and shipping goods. As most of the red tape exists in his own country, the Brazilian will do the rest.

The Yankee can even help the Brazilian get rid of his "Old Man of the Sea" to some extent.

As an example, take the duplicate invoice!

An American salesman was offered a fine order in Rio de Janeiro on condition that his house at home send one invoice, with goods billed at the real prices, and another at half the real price. The first invoice would be paid and kept secret, and the other entered at the customs house to secure a dishonest tariff duty.

"I'm sorry, but my house will not do that," said the salesman.

"Your house doesn't know how to do business then," replied the Brazilian, "for your competitor right in your own town bills this to me in this way. Here is my last invoice to prove it."

"Will you let me have it?" asked the salesman.

"Certainly!" agreed the Brazilian, thinking that the invoice was to be used to convert the salesman's house. And the latter sent the fraudulent document home, but for another purpose—so that his house could report the practice of its competitor to their trade association. That was done and the competitor made to bill export goods honestly.

More than that, the salesman's chief told him to report the case to the Brazilian Government. But here it was wise to stop, as the salesman pointed out. Had he endeavored to extend education in straightforward business methods that way in Rio de Janeiro, naturally he would never have sold any more goods.

That Brazil is by no means alone in such practices is shown in the fact that many American firms descend to the double invoice in world markets. So do the British and the French and the Italians—as for the Germans, they are credited with inventing the practice. But other American firms refuse to falsify

shipping documents, and very often, after the Brazilian customer has gone away and thought it over, he decides that such concerns are highly trustworthy in other business dealings, and returns with an order. As with other underhand methods, the abuse itself makes for reform. Throughout Latin America it has grown so greatly that steps are now being taken through our own trade associations and the United States Government to stop it, after a general warning.

If American business as a whole today happens to be somewhat more straightforward than business on the southern continent, it is because we are older in experience.

The Brazilian knows, figuratively, that 80 per cent honesty pays, and is working up through experience to, say, 85 or 90 per cent. We have been going to school long enough to know that 90 per cent is safe business, and believe we can eventually attain par.

If we can help the Brazilian stiffen his

are simply wrapped as we see them at home and arrive so tattered that hundreds of feet of the outer layers must be thrown away.

Bad packing is the first thing in world trade that every young consul encounters, says United States Consul Haerberle, stationed at Rio de Janeiro. During his own apprenticeship he wrote eloquent reports on this subject, like every other young consular assistant, and sent them home. There they were printed, and business concerns shipping goods badly packed were also notified by mail. To his astonishment, young Haerberle discovered that some of the worst offenders would not believe that there was any room for improvement in their shipping methods, and declared that he was mistaken. Whereupon he adopted a quieter and more effective method. Visiting the docks with his camera, he photographed badly packed American goods with their marks for identification, and these were sent with his report, to be forwarded to business houses at fault. That led to

improvement without casting discredit upon American concerns whose shipments were received in good order.

### BIG BUSINESS GOING SOUTH

### OLD-TIMERS

in Rio de Janeiro, which is taken to mean Americans who have been there several years, say that a notably good class of American business men have been coming to

Brazil since the armistice. Our business houses formerly sent out representatives. Now the principals themselves are going abroad to have a look into world markets. A good example of the new American business traveler was the vice president of a big New England hardware house who recently visited Rio de Janeiro. His concern has been selling famous trademark products all over the world for years, but in many places indirectly. He was sent out to shake hands with everybody, the first time an official of the company had ever visited the Latin-American trade. A month's stay in Brazil was a revelation to him. "Through our lack of real knowledge we have come close to missing one of the finest opportunities our company has ever had," he said, and steps are now being taken to build more direct connections, broaden distribution and advertise products to the Latin-American consumer as they are advertised at home.

The American salesman visiting the



NATIONAL MILITARY SCHOOL CADETS

backbone he will throw off his "Old Man of the Sea," and so, in the same way, will all Latin America.

### ARTICLE XXV

### BAD PACKING MAY COST U. S. BIG TRADE GAIN

**R**IO JANEIRO, Oct. 9.—Somebody in the United States is going to lose good business in newsprint paper very shortly. The newspaper publishers in Rio de Janeiro formerly bought their paper in Europe, but turned to the United States during the war. At least one of them, the publisher of the *Jornal do Brazil*, which uses probably as much print paper as any newspaper in the country, declares that he prefers European paper and is willing to pay 50 per cent more for it. This is not a matter of quality, but simply of packing. European paper comes crated and in fine condition, whereas rolls of American paper



southern continent and trying to do business in English still figures prominently in world-trade literature. Actually he is not very common. Everybody in Rio de Janeiro or Buenos Aires can recall one such chap, but the story often dates back several years. Portuguese should be a good test in this matter, because, unlike Spanish, it is not widely taught in the United States. The faculty of a big Middle West-

ern university was really astonished lately when told that Portuguese is the language of Brazil, and immediately arranged for Portuguese classes. In any gathering of American business men in Rio de Janeiro nine out of ten will be found speaking Portuguese easily, and the tenth man, probably a new arrival, is studying the language. To practice a profession such as medicine or dentistry in Brazil, an American must pass a stiff examination, and have a knowledge far beyond the few dozen words and phrases that enable him to get along with waiters and chauffeurs. The American professional colony is constantly growing. Many Americans doing business in Brazil are of Latin-American birth or have had years of experience in the Spanish-speaking countries and have learned Portuguese as well. On the whole the North American in South America, including the Canadian as well as ourselves, is at home with the people in language and also temperamentally.

#### WE ARE FROM U. S. OF NORTH AMERICA

THE Brazilian calls the Yankee an "American," but when the latter speaks of himself prefers that he say "I am a North American." We do not have to go very far from home to discover that we lack a handy international term for ourselves, like "Canadian" or "Brazilian." If we call ourselves "Americans" the people in twenty Latin-American republics protest that they are Americans, too, and so do the Canadians, and suggest that we are trying to monopolize two continents. If we use "United States" the Brazilian asks "United States of what?" For his country is the United States of Brazil and so designated on his money. Even the familiar "U. S. A." has its duplicate internationally because it also stands for the Union of South Africa. Really the only



THE HOME OF THE U. S. AMBASSADOR AT RIO

way to thoroughly identify ourselves is as citizens of the United States of North America, which once led an English statesman to suggest that we be known by the initials as "Usonian." In the end, we are coming to be known as "Yankees," and this term, which is peculiar to New Englanders at home, means all of us abroad, and is an indispensable synonym.

If you saw a ship with "Victoria, E. S." on its stern enter one of our harbors with an unfamiliar green flag you would wonder where she was from. Victoria is one of the less known Brazilian ports, and "E. S." stands for the state of Espirito Santo. Many of our new ships built in New Jersey have been sent out lettered "Newark, N. J." It was suggested that they be lettered "Newark, U. S. A.," but the United States Steamboat Inspection Service, with a certain official obliqueness of world vision, ruled that the American flag on our ships was sufficient identification of nationality. It has now been found advisable to substitute "Newark, U. S. A.," and that city is rapidly becoming known over the world as one of our leading seaports.

Brazilians dress largely in black. The women appear as though in mourning, the men wear somber straw hats, and even the little boys wear a hard, shiny, mournful black hat which is made out of wood and painted to stand rain. So it strikes the automobile accessory man as odd that the Brazilians detest our black enameled automobile lamps, saying that they are "funeral lamps." They dislike them so much that they often remove those that come on an American car, sub-



stituting others of brass, even if they have to have them especially made. Automobiles are almost invariably driven by chauffeurs in Brazilian cities, and brass-work gives the chauffeur something to do in odd moments. On accessories such as fenders, even nickel plating is not bright enough—it must be brass that responds brilliantly to an application of elbow grease. An American automobile accessory

man who recently visited Brazil says that local climatic conditions enter into it as much as local taste, because many fittings on our cars which stand up well at home soon rust in Brazil. These factors will repay technical study on the spot, with adaptations to conditions, as we have adapted motorcars, tires and accessories to local requirements and climates at home. Very often a slight change in manufacturing methods, such as giving brass parts an extra copper plating instead of nickel, will meet the Brazilian idea and make him happy.

#### GUNPLAY MOVIE IS POPULAR

MOVING-PICTURE titles on films shown in Brazil are not only turned into Portuguese, but even the names of the characters are translated—"Charles Harding," the hero, becomes "Carlos Jardineira," and so forth. A Brazilian journalist, who is very fond of our movies, insists that this is wrong, because the characters are American, and the Brazilian names tacked on to them, presumably by well-meaning title writers in the United States, do not fit, and there is a loss of American character which Brazilians like in our pictures. Keep the original names he advises. Also, he criticizes our frequent use of foreign settings for movie stories, maintaining that Brazilians are most keenly interested in American stories and characters. Another odd effect of American movies on the Brazilians is that when he sees a film full of western gunplay or New York crime it makes him a better Brazilian. Not understanding that movie stories must have action even though they distort facts, he takes the gunplay and vamping as present-day life in New York and Wyoming and says, "Thank heaven, I live in Brazil!"

Americans quickly take to the Brazilian maxixe, and the real thing both in the dance and the music might be intro-



duced in the United States to create a bond of every-day interest between the two countries. The maxixe is a quicker dance than the tango, being essentially a two-step, easier to learn than the slower and more complex tango, while also susceptible of many graceful variations. The Brazilian maxixe music as played by Brazilian orchestras is full of its own particular "jazz," being largely rhythmic variations of simple tunes, lacking the gentle melancholy of the tango. A peculiar Brazilian rhythm instrument is always played for the maxixe—a brass affair containing lead shot, which is rattled somewhat like the jingling of a tambourine. As with the tango, hundreds of maxixe records by native orchestras are made in Brazil, but demand for them in the United States has still to be created.

## ARTICLE XXVI

### LAW AND FAMILY LARGE FACTORS IN BUSINESS

**RIO DE JANEIRO, Oct. 12.**—To do business in Brazil you will have to learn a new word—"fiscalization." The "fiscal" is everywhere. Originally a sort of watchdog of the royal treasury in the Middle Ages, the Brazilians have made him an auditor and accountant and checker-up generally, supervising private as well as public business. If you build a railroad bridge for the government everything must be fiscalized, from the contract to the width of the abutments. And if you are a conductor on a Rio de Janeiro street car, you must be fiscalized every night when you finish your run.

Brazilian business is full of legal formalities. At home questions of law may not touch your business once a month, but in Brazil the law is with you every day, sometimes merely hampering things by our standards, and again facilitating business.

You are hampered in such matters as the requirements that the name of your company be translated into Portuguese. Sometimes it means about the same thing translated, but in other cases you lose the cumulative value of a well-known name. Perhaps you can get around that by bluntly



disregarding the law, as some foreign concerns in Brazil have learned to do. Then the government will fine you a couple hundred dollars, and by one of the subtle little adjustments of Brazilian formalities the fine lasts a year! There are other odd requirements about business names, such as changing "Robinson Brothers" to something like "The Robinson Company," if there happened to be only two brothers Robinson in the concern and one of them withdraws or dies.

### OFFICIALS CHECK BOOKS

**BUT** other formalities are commendable, such as keeping copies of all business correspondence and important documents in a "fiscalized" diary. First you go to an official with an old-fashioned tissue-paper copybook, such as we used before the days of typewriters. Every page in this book is numbered and the official signs each page, though there may be a thousand, and also certifies that he has signed them. Then you make a letter-press copy of all your letters and documents, day by day and page by page, and your copybook is legal evidence in the Brazilian courts. You can have your business signature fiscalized, too, by registering it with an official for twenty-five cents, and if a dispute arises over the genuineness of your signature, this registered signature is the legal standing for comparison—sometimes a very handy thing, if you are away from home or have the misfortune to die.

Brazilian business is involved in many courtesies as well as formalities. At first these may seem to the Yankee sheer waste of time. But once accustomed to them, he may begin to suspect that our business ways often waste life and the humanities.

Sales cannot be made with one visit to your Brazilian customer, for a sale involves much more than goods. Your customer wants to know something about you as a friend, and be friendly with you, and inquire about your family and your health. Even though he likes your goods and prices and yourself, perhaps he prefers to buy from an older friend. There is a certain business sense in this, too, if you remember that goods come from distant countries, and dealing with concerns that treat you well is often preferable to picking up bargains from unknown salesmen. It is perhaps just such a point in your Brazilian customer's mind that makes him put off the closing of a sale that to you seems finished. That is what people mean when they say, "It takes three years to know a Brazilian in trade."

The Brazilian is cordial, courteous, affectionate and sensitive. Men embrace and often kiss their men friends, shake hands a half dozen times during a three-minute chat on the street, take their hats off to each other and are indignant over abuses of children or animals. They have a very strong sense of nationality, ardently desire that you think and speak well of Brazil, and like to say nice things about your own country. If your sale makes it necessary to demonstrate that your stuff is better than something the Brazilian possesses, you must let him see the superiority himself, because too strong emphasis will hurt his feelings. Brazilian alertness of intellect makes it

unnecessary to be too obvious.

### HOME AND TRADE INSEPARABLE

**FAMILY** matters continually creep into business, as in other Latin-American countries. The American, British and German family are loosely held together, so that members scatter all over the world, but the Latin family holds loyally together and is the unit of society and the state.

An American engineer was erecting some machinery in Rio de Ja-



LANDING PIER AT RIO



neiro. One Brazilian on the payroll, with the same name as his customer, never came to work, appearing only on pay day to draw his money.

"How about this man Souza?" he asked. "He draws a hundred milreis a week, but never does anything."

"Oh, that's all right," was the customer's reply. "You see, he's a cousin of mine."

The American undertook to chaff Cousin Souza the following pay day.

"If it's too much trouble to come in for your money, I could send it around to you," he suggested.

But Cousin Souza was not at all abashed.

"Oh, no! It is no trouble at all," he said. "I like to come around for it."

High cost of cousins is a constant factor in Latin-American business, and family often gets interwoven into business thinking.

A Brazilian was placing a large paint order with an American salesman. He drew up a contract for the latter to sign. This document not only covered quantities, kinds and terms minutely, but there was a special clause providing an income for the Brazilian's wife in case he died before the paint was sold. The salesman had a good deal of difficulty in getting that customer to see that paint and life insurance were two separate lines of business.

Business appointments are not at all sacred in Latin America. The Brazilian says, "I'll come in to see you tomorrow at 11." Probably he will arrive about 12, or perhaps not come at all. Reminded of the matter later, he says, "Oh, yes; but I forgot! Can you make it 11 o'clock tomorrow?" After you get used to the Latin-American's indifference to time you will suggest calling him up about 10.30 to remind him of his appointment—which he thinks a splendid idea.

In big business centers like New York or London, where the day's work is concentrated between 10 and 4, and affairs mount up into large aggregates, and things are close at hand, scrupulous attention to appointments facilitates business. But down under the Tropic of Capricorn, 5000 miles from market, with mail steamers a week apart—and from the United States just now a month—a multitude of small transactions are spread out through the long working day, and a mere matter of an hour seems less important.

#### YANKEE OFFICE BUILDING NEEDED

BRAZIL has 25,000,000 population, with more than 250 cities with more than 20,000 population. It is the largest Portuguese-speaking country in the world, for Portugal at home has only 6,000,000 population and her colonies fewer than 10,000,000. Of the 40,000,-



000 Portuguese-speaking people in the world, only 20 per cent, or 8,000,000, can read or write. To get a general or technical education, therefore, the Brazilian is obliged to learn another language, usually French, because it does not pay to publish scientific or technical books in Portuguese. The difficulties of language are probably responsible as much as anything else for the lack of a university in Brazil. While fervent admirers of the French, and following their leadership in literature, art, architecture and the learned professions, the Brazilians are turning more and more to the United States for education in business and technical matters. They realize that a town with a municipal theatre but poor sanitation, and a country with a magnificent capital city but few schools, is somewhat out of balance. While retaining the culture secured from Europe, they now want to apply the Yankee's energy and big-scale business methods to the development of their country.

As much of the business in Argentina is done by Spaniards and Italians, so the Portuguese dominate in Brazil. Landing as poor immigrants from the home country, they work persistently, stick together and control pretty much everything, from the little fruit stand and coffee shop up to the big retail stores. The Brazilian, like the Argentinian, complains that these immigrants do little for the real development of the country. They are chiefly traders, not leaders or promoters of new enterprises, and, after a certain number of years of hard work and frugality, are likely to return to Portugal, taking their savings with them.

Rio de Janeiro needs an American office building. Suspension of construction during the war made office space scarce, and now that every steamer from the United States brings men who are coming to live in Brazil, representing American business concerns, the demand is acute. A modern skyscraper would give economy of space on some prominent Avenida site and bring the Americans together out of a hundred old buildings and side streets.

The real American business center now is the new hotel on the Avenida, the success of which demonstrates that an American skyscraper hotel is also needed.



To please American patrons the management provides dancing music every evening after dinner, and for each couple dancing there are a dozen spectators. The dancers are usually Americans and the spectators Brazilians. The idea of informal dancing is new, but they like it, and the idea of using the hotel as an informal gathering place is also new, and they like that even more. As life in many of our own towns has been entirely reshaped around its new Giltmore Hotel, so the Brazilian capital, with its first real gathering place, is being "city broke."

#### ARTICLE XXVII

#### MODERN RAILROADS NEEDED TO DEVELOP BRAZIL RESOURCES

RIO DE JANEIRO, Oct. 14.—The Railroader to the Automobile Man—When they told me at home that Brazil had 20,000 miles of railroad, nearly one-third the mileage in South America, they forgot to explain that it was chiefly a trimming of toy railroad on the fringe of the country.

The Automobile Man to the Railroad Man—That's nothing; at home they told me Brazil was a great market for cars because it had 25,000,000 persons. But they didn't say anything about absence of roads in the interior. When I get home myself I'm going to tell somebody something about Brazil.

Seventy-five per cent of all the railroads in Brazil are in five central coast states. The coast of central Brazil is fringed with mountains, so that trunk lines are difficult to build and are rare. Behind the mountains everywhere lie Brazil's riches—gold, diamonds, manganese, cotton, coffee, cattle. Here and there puny man has been able to climb the mountain wall, bringing virgin wealth down to the sea. Now one harbor taps a region and grows rich in trade, and then another, with a railroad that has no reference to any other railroad in Brazil—the gauge, cars, locomotives, ownership and management will all be individual.

For instance, up in far Para, near the border of French Guiana, gold and other products have been leaking out through a French port because that was the nearest road to market. But the alert Brazilians now propose to have a 300-mile railroad from the border of Guiana to the Amazon, to reverse the traffic, and this line, with each of its feet in a river, will be almost the first railroad in a state three times the size of California.

#### R. R.'S KEY TO "TREASURE BOX"

IN THE state of Sao Paulo railroad progress has created a real transportation center in the capital city, and some of the lines have reached a point where



electrification is possible. Farther south in the state of Rio Grande do Sul there are trunk lines connecting Brazil with Uruguay and Argentina. But, after seventy years of railroad building by government concessions, chiefly to European promoters who have built narrow-gauge lines of limited capacity, with little coordination, Brazil—the real Brazil of amazing magnitudes—is still an unlocked treasure house. Railroad transportation is the key to unlock it. But it must be real railroad transportation on continental lines like our own. So today Brazil is looking to the United States for the Yankee railroader. She needs the capitalist and builder for new roads, and the promoter and operator to merge existing lines into real transportation systems.

ernment guaranteed the French 6 per cent interest on their investments, regardless of earnings, and at the same time insisted that the construction cost not more than \$7500 per kilometer—about \$12,000 per mile. This did not permit building broad-gauge track along river beds, cutting away obstructions to give easy grades, reasonable operating expenses and volume of traffic, at moderate freight rates. Instead, the builders stretched narrow-gauge tracks over the hills, winding around those too big to climb. The more kilometers, the more return on investment out of the federal treasury, regardless of traffic. When finished, this line reached from existing railroads, connecting Rio de Janeiro with Montevideo and Buenos Aires, about

Presently there was trouble with the Brazilians and the French. When plans for wide bridges and tunnels were laid before the Brazilian "fiscal" he trimmed them down to the government limit, obeying the law of the original concession. And because French investors still held the bonds, and feared loss, they opposed the Yankees with rather malicious propaganda. Matters were further complicated by simultaneous operations in Latin-American railroads elsewhere, land development, cattle raising, lumbering and other enterprises, so that the Brazilians wondered if the Yankees had at last come down to annex their country. Ultimately this big enterprise of the Brazilian Co. went into receivership, and then came the war upheaval.



AVENIDA BOTAFOGO, THE FASHIONABLE BAY SHORE DRIVE OF RIO DE JANEIRO

The American railroad promoter went into Brazil for the first time some years ago and tackled this job in a way that promised to give results. But when the Yankee idea of railroading met the Brazilian and European ideas there was a clash, and a receivership, and the Yankee promoter retired, with some undeserved discredit.

The story is interesting because it illustrates the past, present and future of Brazilian railroads:

About twenty years ago French capitalists secured a Brazilian federal concession for a railroad in southern Brazil. It was granted on conditions typical in Latin America, but which American promoters declare unsound for real railroad development. The Brazilian Gov-

ernment guaranteed the French 6 per cent interest on their investments, regardless of earnings, and at the same time insisted that the construction cost not more than \$7500 per kilometer—about \$12,000 per mile. This did not permit building broad-gauge track along river beds, cutting away obstructions to give easy grades, reasonable operating expenses and volume of traffic, at moderate freight rates. Instead, the builders stretched narrow-gauge tracks over the hills, winding around those too big to climb. The more kilometers, the more return on investment out of the federal treasury, regardless of traffic. When finished, this line reached from existing railroads, connecting Rio de Janeiro with Montevideo and Buenos Aires, about

Then came the Americans, buying control through purchase of shares to turn it into a real railroad system. Reconstruction was begun to provide a standard gauge line, hauling big cars over easy grades with big American locomotives, laying down freight at moderate rates at the ocean. This could not be done for \$12,000 a mile. But the Yankees said:

"Damn the \$12,000 limit. Go ahead and build the Brazilians a real railroad, with bridges and tunnels for double tracking later. If we do the job right it will develop the country, and we'll get our money later."

Had it succeeded, however, that railroad system would have been one of the best in Latin America, and after a period when American promotion methods were distrusted the Brazilians now begin to realize this.

#### BALDWIN MAN ON THE SPOT

**M**OST of the railroad built in Brazil up to the present time has been constructed, not for Brazil or the Brazilians, but for the profit of foreign concessionaries. As with port and other developments, the European promoters' ideal has been to secure a monopoly and work it for all it was worth today, keeping up freight rates and port charges instead of building volume of traffic for tomorrow. Narrow-gauge railway is a



tempting fallacy. With minimum capital it permits the construction of mileage over which to operate tiny cars and locomotives, winding around sharp curves in rough country. But operating costs are high and capacity small. Disregarding the Yankee railroader's axiom that "You build a railroad only once, but you have to operate it all the time," they have, through the concession system and guaranteed return on capital, tied down the Leviathan Brazil like Gulliver with pack threads of European "meter gauge"—and now it looks very much as though the Yankee railroader would have to get Gulliver out.

At least one Yankee is on the job.

He dropped into Rio de Janeiro quietly the other day, looked around for an office and then for a home. He is Colonel Chauncey H. Crawford, of the Baldwin Locomotive Works, Philadelphia, and is in Brazil with his family to stay. Colonel Crawford is an engineer and a railroader of long experience. When he finished war service with the general staff in Washington his boss told him to go to Brazil, not to sell locomotives, but to live and grow up with the railroad development of the country during the next ten or fifteen years. Brazil seemed far away. He knew little about it, and had to begin studying Portuguese. But there are certain advantages for the first-rate American business man who goes to a country like Brazil with a fresh mind.

One of the first things that impressed him, Colonel Crawford says, is that Brazil has a wonderful system of rivers. These have been regarded as natural advantages. But American railroad experience has demonstrated that a river system cannot compete with a railroad system. The United States also has a wonderful system of rivers, and in the Mississippi steamboating days, made famous by Mark Twain, before the Civil War depended upon them for transportation and development. But railroads later not only carried freight more cheaply than rivers when run parallel, like the Illinois Central and the Mississippi, but made growth possible in more favorable directions, along east and west lines to the Atlantic and Pacific instead of south to the gulf.

The Brazilians are also on the job themselves. Two of President Pessoa's first appointments, on taking office last summer, and it is believed two of the best, were Brazilian engineers who have studied railroading in the United States—Dr. Pieres do Rio, the new minister of public works, who has appointed a commission to study standardization of railroad gauge and equipment, and Dr. Assis Ribeiro, the new director of the government's Central Railway, an advocate of our master car builders' system of standardized equipment, who has recently investigated the use of pulverized coal in the United States, and is experimenting



with pulverized Brazilian coal as a promising solution of the fuel problem. Brazil's railroads, like those of Argentina, are operated with coal from the United States and England. This makes railroad transportation expensive. Cheap fuel is necessary for cheap transportation, and American investigators maintain that cheap fuel is not likely to be obtained from another continent. Brazil has low-grade coal which may prove suitable for railroad use when pulverized. She has great areas of petroleum in the Andes, which only require railroad transportation to make them available. In great unprospected regions nearer at hand, just beyond the fringe of coast states, there is probably better coal and handier oil. On top of that Brazil is rich in water power, so that electricity is a possible future transportation resource.

The bigness of the railroading job in Brazil is made clearer by still other difficulties—such as the possession of perhaps the greatest deposit of iron ore in the world, but without coal for turning it into steel, so that practically all railway equipment except ties and wood work has to be brought in from other countries at high cost. But the very bigness of the job makes it attractive, and the American railroader, after developing a continental country of his own, can help Brazil out of its toy railroad era into the continental railroad game.

## ARTICLE XXVIII

### BOND INVESTMENTS WILL AID TRADE WITH LATIN AMERICA

RIO DE JANEIRO, Oct. 19.—

Through an odd confusion of foreign words trolley cars are called "bonds" in Brazil. Various versions of the story are given, but in substance there was an issue of bonds in Rio de Janeiro to turn mule cars into trolleys, and people hearing the word "trolley" and "bonds" applied the latter to the new street cars. It is now a real Brazilian word made Portuguese by spelling it "bonds." The Brazilian term for a bond is "debenture."

Thanks to our war loans, we know a little more about bonds—but not much more about Latin-American bonds or world investments generally.

At the present writing the United States has taken only two bond issues of South American municipalities, both in Brazil, the cities of Rio de Janeiro and Sao Paulo.

Some time ago the authorities in a north Brazilian city conferred with American investment men about a bond issue. This is one of the largest ports in the country, with 200,000 population, well governed and with good security for a loan. Our financiers admitted that the security was good, yet did not take the issue.

"The difficulty is not in your city," they said, "but in the United States. Our investing public knows nothing about Pernambuco, and the sale of your bonds involves an educational campaign which we are not able to undertake."

When some bonds of the city of Rio de Janeiro were sent to the middle western branch of a big New York investment house last summer to be sold to investors a wail of protest came from the sales force.

"Our customers won't take these securities," the salesmen insisted. "They don't know where Rio de Janeiro is, or even Brazil, and prefer securities of our own cities."

The sales manager took a train, went to that branch, called the salesmen together and held a class in geography. He showed them that Brazil was bigger than the United States, had just about as many people to the square mile as we had before our West was settled, and that a similar development of her interior was about to begin. He told them that the British and Canadians had invested \$1,000,000,000 there, where we had invested only \$20,000,000, that her foreign commerce amounted to \$27.50 per capita against only \$10.34 for ourselves when we also lived along the Atlantic fringe, and that American money was needed to back the 50 per cent of imports that Brazil is now buying from us. Then passing to Rio de Janeiro itself, he showed that it would be out-ranked in the United States in size only by New York, Chicago and Philadelphia, that on a basis of per capita debt its bonds were twice as good as those of Boston or London and four times as good as those of New York or Paris, that she had 1000 factories, \$150,000,000 export and import trade, \$1,000,000,000 bank deposits, a stable government and in three centuries had never failed to pay her debts. Primed with some plain business knowledge about this new line, the sales force went out and quickly placed their quota of that issue.

A similar campaign of education lies ahead of our investment bankers. Their representatives are now found everywhere in Latin America, investigating the different countries, states, provinces and municipalities, and when they are able to go to investors in the United States and talk about the bonds of the state of Rio Grande do Sul or the city of Montevideo as they talk about the road bonds of Massachusetts or the school bonds of Grand Rapids, Michi-



gan, Latin-American issues should become as familiar in the United States as they are to British and French investors.

Not all the countries and cities on the southern continent are attractive from the investment standpoint. Where one is found upon investigation to have good government, sound credit and a reputation for faithfully meeting obligations, another close by may have extravagant government and unpaid debts. But on the whole the general average is excellent. If the French investor, for instance, held well-chosen, widely distributed Latin-American bonds today instead of his enormous accumulations of Russian, Turkish and other securities, now almost worthless, the reconstruction problems of France would be greatly simplified.

#### U. S. PUBLIC OPINION NEEDED

**L**ATIN-AMERICAN bonds fall into several groups. The most important and best known are those of the national governments themselves. Before the war practically all such issues were marketed in Europe. When capital was cut off there they turned to us. Our Liberty loans made it impossible to lend while we were at war, but now American bankers are investigating, and during the next few years should float large issues for the republics enjoying good credit. Another big group is that of securities to finance railways, ports, public utilities and improvements which will develop the resources of fertile countries. Still another group includes bonds for city improvements and the building of schools, roads, water works and drainage systems in smaller communities.

To overcome lack of information by investors some of our bankers propose that sound Latin-American securities be purchased and funded, so that the American investor will really be purchasing an American security, and be protected against possible loss.

But Latin America needs more than our dollars. It needs intelligent public opinion in the United States. Just as we put more than dollars into the Liberty loans, the money being almost a by-product of a great educational movement, so Latin-American investment will be best for both borrower and lender if it is backed by understanding.

We put our money into the Liberty loan because we had a clear picture of what we wanted to do with it.

We will put our money into Latin America, too, when we get a clear picture of the Latin Americans and of what they want to do with the money.

Nationally, we might stop cartooning Latin-American countries as ragged little Indians and learn some elementary facts about them.

There are ten republics in South America proper and ten more in Central



America and the West Indies. All but three in South America are big countries, Ecuador, Paraguay and Uruguay being the smaller ones, and all except Venezuela and perhaps Paraguay having fairly stable government. Apart from Mexico, most of the Central American republics, while small, are fairly stable politically, and should be absolutely so when their resources are developed, like those of Cuba, which has submerged politics in work and prosperity. It has been pointed out that the only two Latin-American republics which are really backward, Santo Domingo and Haiti, are not Latin at all, but African in their civilization.

Most of these countries are now in financial difficulties, nationally, but making determined efforts to solve their money problems, and pretty certain to do so and grow richer and more stable in the process. In the past they have borrowed unwisely, on pawnshop terms, given concessions and monopolies to get capital, spent money extravagantly and never had enough to develop their resources. Getting out of money difficulties involves better borrowing, better spending, better development and better politics.

#### CEARA ENTERPRISE UNLIMITED

**L**OCALLY, Latin-American bond issues will be of a character so like our own that we should have little difficulty in getting the picture. As our town and county bonds and borrowing for schools and roads goes hand in hand with better communities and better community spirit, so Latin America is entering upon an era of community education through local taxation.

As a sample picture take the Brazilian state of Ceara. This is one of the smallest states, but one of the most fertile, populous and enterprising. It suffers periodically from terrible droughts which have been a scourge for Ceara, yet in many ways a blessing for Brazil. When it rains crops are abundant and prosperity is everywhere in that state; but when the droughts come the Cearenses, actually starving, scatter over half the republic. They have developed the rubber industry up the Amazon and are workers and promoters wherever they go. The Cearenses are the Scotchmen of Brazil, and the Brazilians say that when Admiral Peary reached the North Pole he found a hut and a Cearense inside and said he had come up there to "see what was doing." The Cearenses will be borrowing money some of these days to develop irrigation facilities in their state.

Take another picture from Bolivia, which is a country of remarkable resources, but handicapped in development by being cut off from the ocean and by its mountainous character, lack of immigration and other disadvantages. For years Bolivia's chief cities have been subject to epidemics because they lacked sewer systems. After various failures, each of which taught its lesson, the Bolivian government has now signed a contract with an American corporation to build sewer systems in two cities and prepare plans and a financial scheme for three others. This work will be paid for by Bolivian federal bonds. The facts in the case should make such securities no more difficult to market in the United States than bonds issued for similar purposes by one of our own communities, and when the Bolivians realize better health probably they will be willing to submit to higher property taxes to carry out further community improvements and be good customers for more of the American investor's money.

To do more business in Latin America we must lend more. To lend more we must learn more about the different countries, and especially their local problems and projects. Local development in the United States has been largely carried out through teamwork between communities and bond bankers. We have the money and the investment machinery—but we must "bone up" on the geography.

#### ARTICLE XXIX

#### BRAZIL ONE END OF BLIND ALLEY FOR U. S. SHIP LINES

**R**IO DE JANEIRO, Oct. 19.—An American steel mill sold a fine order of rails to a Brazilian customer. When it came to shipment a difference of eighty cents a ton was discovered in the railroad rate to two different ports. The rails were sent by the cheapest route. When they were loaded into a foreign ship, however, the steel mill men were told that they really saved nothing at all—ocean freight was figured in such a way that the steamship company "absorbed" the saving offered by one of our own railroads.

This happened several years before the war, when we hadn't a single merchant ship of our own traveling to Brazil. It gives an insight into the "conference system," whereby foreign steamship lines control ocean rates. Through agreements between different shipping lines and sometimes different nationalities, it has been possible to prevent fluctuations downward, take advantage of every upward rise and use deferred rebates to shippers as a reward for their patronage on one hand, or a punishment for sending freight by ships not in the combine.





VOTING PLACE FOR CITY ELECTION IN RIO DE JANEIRO

In the case of these steel rails, moreover, the foreign ship was able to aid steel rail mills in its own country by artificially increasing the cost of American rails laid down in Rio de Janeiro.

Since that lot of rails was shipped to Brazil we have freight steamers of our own running to the east coast of South America, and plans for more. Every American familiar with East Coast possibilities prays that there may be permanent service, both freight and passenger, by first-class American ships on those routes. But the ships must be backed up by understanding at home of the difficulties involved, and teamwork in overcoming them.

#### RETURN CARGOES NEEDED

**T**HE freight route from the United States to Brazil, and also Argentina to some extent, is a blind alley for us. For twenty years shipping interests of other nations were able to keep us off those routes partly through the conference system, but even more through the one-sided character of our East Coast trade. It was only by opening up the other end of the alley that the United States Steel Corporation succeeded in establishing a new line of American steamers between the United States and Brazil in 1913.

Our sea lane to Brazil is a blind alley because normally we ship twice as much tonnage as Brazil sends back. Our stuff runs to bulk, and the bulk promises to increase as we supply more coal, steel, cement, machinery, railway equipment and general merchandise to the Brazilians. Against this heavy stuff Brazil has only two or three things to ship back, with prospects that there will be a decrease in at least one of them the next five years. Brazil's chief tonnage to us is coffee, and recent frost in Sao

Paulo will reduce the yield for several years, and consequently the tonnage. Coffee, cocoa, rubber, Brazil nuts, hides and skins make up the other important tonnage. In 1917, roughly, we sent Brazil 1,000,000 tons of freight, and got back just about 500,000 tons of vegetable products. Therefore, every other ship that goes down loaded must come back empty unless we can find other cargo for it to carry—which is a heavy tax on our exports to Brazil.

The United States Steel Corporation established its line of Brazilian ships by finding something to bring back. Manganese is used in steel making. The steel men turned their attention to Brazilian manganese ore, leased mines, put them under the supervision of experienced engineers, got the best ore down to the seaboard and sent it back to the United States on ships which had delivered steel products and also carried general cargo for American manufacturers and exporters. In 1917 the manganese shipments from Brazil to us exceeded her tonnage of vegetable and animal products, just about balancing the trade.

#### SHIPPING TRAFFIC LOPSIDED

**B**UT today the traffic is once more becoming lopsided. For manganese can be brought from other countries more cheaply, and unless greater efficiency can be secured in mining, hauling and selling the Brazilian ore, there will be no market for it.

Even should Brazilian manganese disappear as a return cargo to the United States it will have taught a practical lesson to the Brazilians and ourselves—that there is usually some way for the constructive business mind to get out of a blind alley.

In the vast range of Brazil's undeveloped resources there are unsuspected raw

materials which tomorrow, through exploration, scientific research and industrial application, may create new tonnage for our ships and new products for our factories. Opening up this blind alley is a job for the prospector, the chemist and the purchasing agent.

European nations selling manufactured goods to Brazil are not handicapped in the same way. Dropping cargo at Rio de Janeiro, and lacking coffee for the return voyage home or on the triangular route to the United States, where they load cotton for Europe after discharging coffee, they can steam down to Argentina and pick up a cargo of wheat or corn for Europe, which continually buys these foodstuffs where we have a surplus to sell abroad. We have imported occasional cargoes of Argentina's corn on the return voyage for use in making corn sugar to be exported for brewing, but the trade does not run to tonnage. Quebracho wood offers some cargo from Argentina, and so do beef, pork, meat products and hides. But there is not enough to balance our trade to the southern continent.

There has been considerable apprehension over the "Japanese invasion" of Latin-American markets. The Japs are there with their familiar line of imitation Occidental merchandise and their own cheap trinkets, carried on their own ships. But their ships come into east ports weeks apart, and sometimes months, and it is said that lack of return cargoes, together with the small bulk of Japanese goods, makes the building of trade very difficult. Actually, South America is a way station for Japanese ships bound to Europe, and some of the best business in true Japanese products, such as fine silk fabrics, is done by British houses selling in South America.

With an empty ship on his hands in Rio de Janeiro or Buenos Aires, the resourceful shipping agent looks over the world for cargo. To the east there is only Africa, which offers little to us as yet because we lack trade connections there. To the north are the West Indies and Central American republics, which offer only occasional cargoes. To the northeast is Europe, with so little bulk cargo coming to the United States that it cannot keep its own ships busy except on triangular routes—coal and merchandise to Latin America, coffee to the United States, and cotton and other raw materials to Europe, to make more merchandise for Latin America.

"The plain truth is that when you have a line of American ships fit to handle east coast South American trade," said a veteran shipping man in Rio de Janeiro, "you can get more trade and make more money by putting them to work on some other ocean route."

Does this mean that we cannot do business with Latin America in our own ships?



Not at all; it simply shows our neglect in the past, and invites us to take off our coats and get busy.

### TREASURE HIDDEN IN BRAZIL

**BRAZIL** is full of minerals. It may not pay us to carry home her iron ore while we have great supplies in the United States and Cuba. But technical improvements in industry whereby manganese becomes a cleanser for steel, and menazite sand yields thorium for incandescent gas mantles, demonstrate that unsuspected cargoes may be found in Brazil's wilds tomorrow by the chemist. Brazil is rich in hardwoods, and the development of hardwood cargoes seems to be a problem for our manufacturers, who could doubtless make many a factory product better, cheaper, more beautiful, more durable, more suitable technically, if they knew what these woods are and their characteristics. The Brazilian jungle is full of nuts, some good to eat, like the "niggertoes," some good for buttons, like vegetable ivory, and others full of oil. The latter invite attention as raw material for our vegetable oil industry, and unquestionably have undeveloped technical qualities. Brazil's soil will grow anything under the sun except, perhaps, Iceland moss, and the way her farmers ran up tonnage of beef and beans during the war revealed a world of cargo possibilities.

During the war the European conference system of controlling ocean freight traffic broke down completely, but steps are being taken to establish it again. American shipping men maintain that this system, far from harming our world trade in the past, has been beneficial, and that, far from fighting the conferences, we should join them for teamwork. Brazil decided to fight them in 1906 through her subsidized Lloyd Brasileiro steamships, and succeeded in carrying 50 per cent of the merchandise tonnage from the United States to her own ports before the war, in direct trade, as against the indirect traffic of the conference lines. But she never succeeded in carrying her own coffee in normal times, and coffee makes up the biggest bulk of return cargo to the United States.

When we have fast, comfortable steamships running frequently to Brazil and Argentina, some of the disadvantages in securing return freight may be overcome by passenger traffic. Latin Americans are just as willing to use our country as a market, a school, a playground and a winter or summer resort as we are to use their countries and contrasts in climate.

Our sea route to the east coast of South America has become a blind alley, largely through our own neglect. We have solved much knottier transportation problems at home by boosting the

volume of traffic. It is up to the American business man to boost our traffic both ways with Brazil and Argentina.

### ARTICLE XXX

#### U. S. SALESMEN, SHY ON DETAIL, FAIL IN SOUTH AMERICA

**RIO DE JANEIRO, Oct. 21.**—The biggest sale anybody can make in world trade is the sale at home, before he starts, to his own boss, or the board of directors, or whatever powers may be.

Latin America is full of disappointed Yankees who have failed to make that sale at home and found themselves lacking support, and also full of half-organized connections and outlets for American goods for the same reason.

So before H. H. Batcheller started for the southern continent last summer he took extra pains to have his boss visualize the possibilities in world markets so that he would be consistently supported when he arrived abroad. In this case the "boss" is composite—the board of directors and management of the Elgin Motorcar Corporation, in Chicago. Mr. Batcheller is export manager of the company, with years of experience in South America as a shipping man. He speaks Spanish and Portuguese, and went with all the advantages of acquaintance to back up the directors. But even then there were difficulties and omissions, and the story of just how he established the first Elgin branch in Rio de Janeiro gives a concrete viewpoint of this direct branch proposition.

The sale at home was made against typical 1919 difficulties. Like every other manufacturing concern, this com-

pany can find plenty of customers for its present output, and the allotment of even a small number of cars to world markets calls for careful management. World markets may not be really needed for several years. But they will be needed some day, and now is the time to establish real world connections. Before starting it was necessary that directors not only visualize this in terms of company policy, among many other policy considerations, but also become enthusiastic about it and determine to stick.

Mr. Batcheller found the Brazilians decidedly excited about prospects of new automobiles from Europe. During the war they have been buying American cars, but before that European cars dominated the market. There is a belief that the European automobiles are better, and while the Brazilian cannot explain why, the belief exists and must be dealt with. European cars of pre-war days, still running in Brazil, are highly ornamental, with their brass work and nickel plating, while the Yankee cars are rather plain in this respect. The Brazilian is beginning to see that Yankee lines have beauty, but is still partial to brass work. The idea of fashions in motorcars, with a new model each year, is still novel to him, because durability has always been the prime merit in European cars. Because he valued an automobile for its lasting qualities, the second-hand branch of the automobile business is not yet developed in Brazil.

#### EUROPE BEHIND IN AUTOS

**EUROPE** is not yet sending automobiles to South America, but she is sending wonder stories about new cars made by Yankee quantity production methods—French cars, Italian cars, British cars and what not, of marvelous



POLICE GUARD OUTSIDE OF POLLING PLACE ON ELECTION DAY



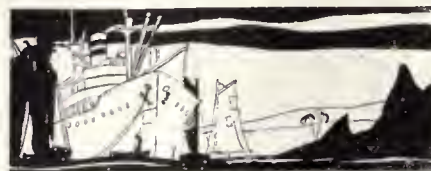
durability, ornateness and cheapness. Investigation of this situation leads Mr. Batcheller to believe there are very few cars behind the stories. In one or two cases European manufacturers really have developed cars with a view to quantity production, but the economies of quantity production are possible only when output reaches 15,000 to 20,000 automobiles a year, and these figures still seem enormous to European automobile manufacturers.

The first step was to find a representative in Rio de Janeiro. This required considerable search, and the right man proved to be a Brazilian, trained in mechanical engineering in the United States, who was connected with an importing house handling automobiles, but wished to embark in business for himself. Not possessing sufficient capital to finance a branch, however, it then became necessary to form a connection with an importing concern in Rio de Janeiro, and that was done, the representative becoming manager of the automobile department, with a substantial interest in every car sold. With one or two exceptions, Mr. Batcheller found display, service and upkeep of automobiles in Rio de Janeiro capable of vast improvement.

The next step was novel—that of letting Brazilians know in a very short time that the Elgin car had arrived and possessed interesting qualities. For that purpose a jumping demonstration had been planned on spectacular lines. Evolved at home, it was just the sort of "stunt" likely to appeal to the folks down in Latin America, where hardly anything of the sort ever has been seen. This jump was made by building an incline on some prominent street, sloping upward from the pavement to a height of two feet. The car is then driven up the incline at about fifty-five miles an hour and leaps fifty to sixty feet in the air, reaching a height of about four feet. It takes a light, strong, flexible automobile to do it, and is hazardous. The driver must be expert, meeting the shock by partly rising from his seat. A special driver accompanied Mr. Batcheller for this performance.

#### DEMONSTRATION IS SUCCESS

**T**O SECURE permission for the use of a prominent street in Rio de Janeiro and police assistance in handling crowds took considerable time, for the idea was new. When arrangements had been made, invitations were sent to prominent Brazilians, particularly officials and automobile owners, and the jump was pulled off on a bright Sunday morning. The effect was magnificent. The Brazilians liked the show, and with true Latin enthusiasm carried the driver on their shoulders when the stunt was over. There is a circus element about our automobile industry, and the Latin Ameri-



cans make the finest possible circus audience.

This performance was later repeated at Sao Paulo and immediately brought the Elgin car into notice. Motor owners and drivers discussed it and came up to examine the car wherever it appeared. The car itself could have been sold many times over after the demonstrations, and this was one of the omissions in planning Mr. Batcheller's trip. Through factory difficulties it was possible for him to take only a few sample cars, whereas had substantial shipments been possible, furnishing a stock of cars for direct selling after the demonstration, buying enthusiasm would have been utilized in immediate sales.

After establishing branches with competent representatives and a good display, backed by cars for immediate delivery, the next essential is service to purchasers. The Elgin organization in Latin America will include trained service men at each branch, with traveling service men covering the territory, visiting branches and owners. Upkeep of automobiles in Brazil is far below our own standards. Brazilian mechanics have not enjoyed facilities for learning mechanism, and automobiles are considered satisfactory so long as they actually run, regardless of squeaks and rattles. Because squeaks and rattles are not remedied from day to day automobiles steadily deteriorate. At the end of five years, lacking a second-hand market, the car becomes a taxicab.

While Brazilian drivers are not yet good mechanics they are good chauffeurs because supervised by a very commendable license system. It takes fully one month to secure a chauffeur's license. During that period the candidate must pass examinations and undergo road trials, be photographed and leave his fingerprints with the police and his license is a book in which the authorities keep his record. If he is arrested for careless driving that is entered in the book, to appear against him the next time he gets into trouble. Owners can drive by securing a different form of license, but this takes time and routine and deters driving by owners and especially driving by women, who find the police routine distasteful. The Rio de Janeiro authori-



ties have co-operated with the American Chamber of Commerce in modifying license regulations so that American automobile salesmen who are competent drivers secure permission to drive in connection with their work.

Mr. Batcheller advises American automobile manufacturers to decline cable orders for a few cars, sent by importers in world markets, who merely wish to add a few automobiles to their diversified assortment of general merchandise. Unless the manufacturer goes into world markets right, with a real organization, he is merely dabbling with the business, getting nowhere himself and bringing discredit upon others. Automobile sales should be backed up with service.

Great care should be exercised in selecting men sent abroad to establish world trade outlets. They should be first-rate American business men speaking the other fellow's language, not foreigners chosen because they have the single qualification of language. Once abroad, business should be done by fast cable regardless of cost. Through some queer pennywise-pound-foolish viewpoint many a big American concern tries to do business by letter with its men in world markets, whereas with contracts and orders being shaped up from day to day and buying enthusiasm created through hard sales effort, even deferred cable messages are too slow and cause delay which kills sales and buying ardor.

#### ARTICLE XXXI

#### "COAL" IS THE KEYWORD TO LATIN-AMERICAN TRADE

**RIO DE JANEIRO, Oct. 25.—**

"Coal" is the keyword to Latin-American trade, and Brazil shows why. Her fuel consumption amounts to 3,000,000 tons a year. This runs her railroads and river boats, bringing products of forests, soil and mines down from the interior to be sent abroad for manufactured goods. We need Brazil's coffee and rubber, while Europe needs Brazilian meat and hides. Lacking coal mines of her own, we must furnish Brazil the fuel to keep her industries going and develop new resources.

Before the war John Bull sold more than 6,000,000 tons of coal yearly to Brazil, Argentina and Uruguay, while our sales were less than 500,000 tons. "Coal" was also the keyword in British merchant shipping and world trade, because it kept ocean tonnage employed outward from England on the first leg of the triangular trade routes that characterized British overseas commerce.

During the war the United States largely supplied Latin America's coal. To be sure there were only half rations, but profound changes occurred in the trade, and now that war is over there promise to be further changes.



Today Brazil is buying most of its coal from the United States, and Philadelphia is doing the selling. Actual shipments are made through Norfolk, but the only American coal concern with its own representatives and branches in Rio de Janeiro and Buenos Aires is a Philadelphia concern, Gano, Moore & Co. When the armistice was signed M. Rea Gano, president of the company, set out to investigate the coal situation from top to bottom. He began in France, being among the first civilian visitors to the devastated regions; went on to England, and followed with two visits to Brazil and Argentina. His investigations covered every phase of the situation, which is complex, and when he sailed home from Rio de Janeiro in September he was able to answer many questions which men in world trade in the United States, England and Latin America have been asking themselves the last year.

"The Latin-American coal trade is ours for several years to come," Mr. Gano said. "The first factor to be taken into account is the French mines. In my opinion, these are absolutely ruined and cannot be made to yield for many years. The next factor is British coal production. Before the war it amounted to 280,000,000 tons a year, of which 150,000,000 tons were used at home and 130,000,000 tons exported. Great Britain to-

day is mining only 175,000,000 to 200,000,000 tons, and so is in position to export only from 25,000,000 to 50,000,000 tons. There can be no great British coal exports this year, because the industry is upset by labor troubles, and even should strife cease it will take years to bring production back to normal. For the British coal mines were 'robbed' for military purposes during the war, and can only be brought back into production by costly development. France will need all the export coal that Great Britain can supply for several years. The state of the British coal industry is really pitiable and indicates that Latin America must look to us for her fuel supplies.

#### AMERICAN COAL \$24 A TON

"OUR own production has increased during the war, rising from 550,000,000 tons to 700,000,000 tons. Of

this, probably 150,000,000 tons will be available for export, and with the present shipping facilities enjoyed by American coal exporters it can be sent on definite delivery contracts to virtually every country in the world.

"But our task is not easy. The American coal industry faces a labor shortage, with decreased efficiency of the individual miner. Return cargoes for coal ships from Brazil have dropped off because we are buying manganese cheaper in other countries, and it will be necessary to organize for return cargoes from Argentina. But our advantage is strikingly shown here today in Rio de Janeiro. I have just unloaded a cargo of American coal at \$24 a ton, and for bunkering one of our chartered ships just now am buying British coal at \$35 a ton."

"Will it be possible to install Ameri-

ery from the United States. Fixed charges of interest alone, at 6 per cent, would be \$10,000 a month. If all Brazil's coal could be handled that way there would be lower costs on 300,000 tons monthly. But the political complications are so many that a similar investment at home, in some other direction, might be more attractive.

#### TARIFF ON COAL \$3.50

"BRAZIL imposes a tariff duty of 14,500 milreis per ton on coal, equal to \$3.50 our money. This is assumed to protect her own coal production. But the greatest possible Brazilian production is figured at only 200,000 tons a year. It is nearer 100,000 tons, actual output. The mines are far south in the state of Rio Grande do Sul, the coal is inferior and costs more delivered in Rio

de Janeiro than American coal. 'Why protect coal that you haven't got?' is one of the first questions that Brazilian legislators may well ask themselves, and from them must come the answer.

"Another handicap of political character is the multitude of taxes and fines imposed upon business men by the Brazilian government, federal and state. A slight oversight in the wording of our company's sign here in Rio de Janeiro, for instance, would lay us open to a 5 per cent tax upon our capital. Both in

Brazil and Argentina there is a disposition to burden outside enterprises with taxes and regulations and very often superfluous employees. In the end it is not outside enterprises which pay these taxes, but the Brazilian and Argentine peoples themselves. They pay not only in the form of unjust prices for commodities, but in tardy development of their resources. The Brazilians and Argentinians have wonderful opportunities to develop their countries. It is largely lack of experience in big business enterprises, together with an unbalanced scheme of taxation through a multitude of makeshift imposts, that leads them to hamper outside enterprises. No true friend of these countries should keep silent on such a point, for outside capital carefully weighs such considerations and sees the disadvantages, even though the



FATHER PETRA, FIRST PRIEST CANDIDATE FOR ALDERMAN

can automatic coal-handling machinery in Latin-American ports?" Mr. Gano was asked. "The present methods of unloading by hand labor, and especially into lighters, seem slow and costly. Would automatic machinery cut costs and cheapen coal to Latin-American consumers?"

"That is a complicated problem," he answered. "It is political as well as economic. Let us consider Rio de Janeiro. Hand labor here is cheaper than people think. When stevedores are speeded up they will get 1200 to 1800 tons of coal daily out of a ship. An automatic handling installation capable of taking several thousand tons daily out of several ships, and with 100,000 tons' storage, would call for a \$2,000,000 investment. It would be necessary to buy an island here and bring all the machin-



Brazilians and Argentinos do not, and goes elsewhere. It is not enough nowadays to get capital to work for you—you must help it work with facility."

During the war persistent efforts were made to discredit American coal among Latin Americans. In more than one instance cargoes of the cheapest grade were bought in the United States by middlemen of other nationalities and sold at a good profit in Rio de Janeiro and Buenos Aires. When purchasers found difficulty in burning this stuff, full of slate and rock, they were told that it was typical American coal, thus strengthening the prevalent belief on the southern continent that our coal is inferior to that from other countries.

#### TENDENCY TOWARD MAN-POWER

**R**IO DE JANEIRO has only one coal deposit situated so that large ocean steamships can go alongside a dock and fill their bunkers. As bunkering facilities have been almost entirely controlled by other nations, and our effort thus far has been along the line of selling coal by the shipload to large purchasers in Rio de Janeiro, both our naval and merchant ships have been dependent on the facilities of other nations, paying higher prices than were charged for American coal bought by Brazilian railways, public utilities and manufactures. Mr. Gano intends to lay this situation before the Navy Department and United States shipping board, believing that the installation of modern unloading and bunkering facilities at Rio de Janeiro and other Latin-American ports is not entirely a matter of private business.

Some years ago automatic equipment for unloading American coal was installed in Rio de Janeiro harbor to lower costs on the fuel supply to a public utility company and also one of the Brazilian railways. This equipment was designed in the United States, and operated very efficiently for a time, handling 2000 tons a day. Through some shortcoming in installation, said to be due to scamp work on the part of a contractor, who used defective concrete piling, a section of the unloading platform collapsed while an American steamship was discharging coal and the equipment now lies idle, the subject of a lawsuit. In another case an American automatic device for handling cargo lies idle because there is prejudice against it. In still another case an American shipping company offered to install a \$500,000 unloading device at the dock of a Brazilian steamship company, serving a Brazilian railroad as well, but the project fell through because the Brazilian company would not permit the American company to operate its own equipment.

So, on the whole, as Mr. Gano maintains, the installation of labor-saving devices in Latin America seems to be very largely a matter of self-education for the Latin Americans.



#### ARTICLE XXXII

#### AMERICAN BANK METHODS WON FIRM HOLD IN BRAZIL

**R**IO DE JANEIRO, Nov. 1.—In

April, 1915, a little party of American bank men got off the boat in Rio de Janeiro, squeezed into the already crowded Rua Alfandega, the narrow side street which is the city's financial center, and began business with a force numbering less than a dozen people. They knew a good deal about banking as we do it at home, but not very much about Brazil or the Brazilians—but they were willing to learn.

In September, this year, the branch of the National City Bank of New York which they started then moved into a three-story building of its own on the Avenida Rio Branco. Today the organization numbers 130 persons, the bank has \$65,000,000 deposits, is the largest of all foreign banks in Rio de Janeiro, except only the Portuguese, and is the fourth largest bank in the city, with other branches in Sao Paulo, Santos and Bahia.

Moving a bank out on to the main boulevard is something new in the Brazilian capital. The Yankees quickly saw the convenience to depositors, and have combined prominence of location with a position in the old bank center, because the building is at the corner of the Avenida and the Rua Alfandega. They will not be alone on the Avenida very long, however, because the Canadians are setting up shop in Rio de Janeiro with a branch of the enterprising Royal Bank of Canada on the Avenida, too.

Our Yankee bank has grown in Brazil because it gives the Brazilians better banking service than they ever have enjoyed before.

Take collections as an illustration. Brazil is scattered all over creation. It takes three weeks for a letter to travel from Rio Grande do Sul to Manaus, and communication to points in neighboring west-coast countries is often carried on best through New York. When the Yankees came to Brazil business men were paying as much as one-half of 1 per cent to banks for collecting money from customers in connection with the big domestic business carried on through Rio de Janeiro, and these collections were scattered among two dozen different banks, Brazilian, British, Portuguese, Spanish, French and Italian. The American bank gave collection service for one-quarter of 1 per cent, built up volume,

reduced its charge to one-tenth of 1 per cent, and today has half the collection business of the city.

#### BANKERS SPEED METHODS

**W**HEN the traveler stepped into a bank in Rio de Janeiro five years ago to get money on his letter of credit the teller asked him to come back several hours later, or perhaps next morning. There is quite a little paper work connected with drawing money on a letter of credit in Latin-American countries. First, three bills of exchange must be drawn, the original to go in one mail, the duplicate in another, and the third to be filed away bearing internal revenue stamps. The customer signs these bills, the amount is entered in his letter of credit, and then pounds or dollars must be converted into the Latin-American money at the fluctuating rates of exchange. Cash slips must be made out for the bookkeepers after that. Bankers handled these details leisurely, like checks and clearings, after hours. The Americans immediately speeded up letter-of-credit service so the customer gets his money over the counter in a few minutes.

Foreign exchange is handled in the same aggressive way, and with salesmanship and personality. Brazilian business is done in a dozen different currencies, European and Latin-American. As a rule, the British bank sticks pretty close to pounds and milreis, the French bank to francs and milreis, the Portuguese banks to escudos and milreis, and so on. None of them was at home with the dollar. The American bank put foreign exchange in the hands of a man thoroughly at home with all the currencies, quick at figuring the rates, prompt in buying any good paper presented and reaching out all over Brazil for it with salesmanship and service, not to mention better terms than were offered by other institutions. Therefore, the Yankees also have the bulk of the foreign exchange business.

Checks are very little used in Brazil as yet, though they would effect great business economies. The American bank and its American depositors are making checks better known by the practical method of using them in everyday transactions, and efforts are being made to introduce them with the co-operation of the Brazilian Government.

In a country where virtually everything pays duty at the customs house even the small business man has almost daily dealings with the government. When a Brazilian importer pays tariff duties now he goes to the bank, draws cash, takes it to the customs house, and the money is then returned to a bank. This involves counting and handling a half dozen times. If checks were used, money need not be handled at all, but would remain



in the banks, and the business transacted by accounting and clearing. Government officials are beginning to see the convenience and economy of checks, and contemplate authorizing the acceptance of certified checks for the payment of duties and taxes. This would greatly facilitate Brazilian business and lead to the use of checks in other transactions. The chief difficulty to be overcome is political opposition from thousands of government employes who are kept busy counting cash under the present system.

#### SERVICE IS APPRECIATED

**T**HAT Brazilians appreciate service in banking is shown by the rapid growth of the American bank, which has become one of the leading financial institutions of Brazil in less than five years.

It is not easy to do business in Brazil. Distance and time enter into most transactions, for some sections of the country are farther away than the United States or Europe, so far as business facility is concerned. Banks are often lacking in the interior. There are few railways; the republic has an inelastic currency system which restricts credit, and currency is not merely insufficient to transact the business of the country but circulates with difficulty.

European banking is often done on horse-trading principles. The banker handles each transaction for the utmost profit. One depositor bargains with him for a good rate of interest on a small balance this morning, and he makes it up this afternoon by permitting some nervous old lady to keep her money in the bank for nothing.

The American idea in banking is to build volume of business through service, cut down costs, share economies with customers, treat everybody alike in the matter of interest and terms and facilitate business in every way. Accustomed to European methods in the past, the Brazilians seem to like our methods better.

American bankers have been financial teachers at home the last ten years, extending the use of checks and trade acceptances through educational methods, inculcating thrift, encouraging safe investment of money and skillful use of credit, and so on. Brazilian finance and business can be facilitated through similar improvements and business education, and so there is a field for the American banker in his capacity as teacher and business leader.

Much good work for both American and Brazilian houses has been done through the American bank's commercial service department. If the Brazilian wants to buy goods in the United States the bank will put him in touch with responsible manufacturers and merchants, and, through its organization at



home, make certain that the concerns to whom Brazilian customers are referred have the facilities and experience for conducting world trade. This teamwork is overcoming handicaps of time and distance in dealing with the United States, and is eliminating mistakes, misunderstandings and friction generally.

#### EMPLOYEES TAUGHT IN SCHOOL

**T**O AMERICANS visiting or living in Brazil the bank offers every service, regardless of whether they happen to be depositors or not. Its commercial representatives will make a hotel or steamship reservation or an extended investigation into some business field with the same facility. None of the other banks in Brazil has anything of the sort.

Another interesting feature of the bank is the language classes.

It has been difficult to get employes who understand American banking and also Brazil. Banking men from home were sent down at the outset and "translated" into Portuguese and the Brazilian business methods. Then Brazilians were added as the organization grew, and today it is almost entirely Brazilian except in management, and even there Brazilians have risen to the supervision of departments. This quickly raised the language question, of course, and it was solved by establishing classes in the bank where Americans could study Portuguese and the Brazilians learn English. There are two classes daily, from 8 to 9 in the morning and 5 to 6 in the afternoon, so that students come an hour before the bank opens or stay an hour later after business. All American employes are required to learn Portuguese, and this applies also to the Brazilians and English, with some exceptions. The Brazilians make good progress against difficulties which do not handicap the Americans, for where the latter use all the Portuguese they can learn every day, the Brazilians find few opportunities to use their English. Therefore, they learn to read English first, and to understand it, before they learn to speak the language. The ability to read in English is decidedly helpful in their work, because much of the bank's correspondence is in our language, as well as its publications at home, like house organs. So are the technical journals and books dealing with American banking methods. These publications, together with American magazines and newspapers, are available in the bank's reading room.

#### ARTICLE XXXIII

### SÃO PAULO IS BRAZIL'S BEEHIVE OF INDUSTRY

**R**IO DE JANEIRO, Nov. 3.—"Say, where is that town anyway—is it on the map?"

The speaker was a Chicago packing-house executive and his boss had just told him to go down to São Paulo, Brazil, finish building a big new plant and get it running. He had never heard of the place before—didn't know how to pronounce it.

It is pronounced "San Paulo," and is the third largest city in South America, approaching 500,000 people.

The Chicago man quickly found himself at home there, for São Paulo makes a strong appeal to most Americans. It is an industrial center, backed by Brazil's developing west, and the practical American, studying its location, business and future, understands it in terms of his own town at home and believes in São Paulo and roots for it.

After Rio de Janeiro, balmy and colorful, São Paulo is, in some ways, a city one might admire but not love. The finest railroad train in Brazil takes you there over night, the "Luxo," with compartment sleeping cars. Leaving sunny Rio de Janeiro, you go "up south" and also up into the coast range of Brazil, so that next morning you probably land in rain or penetrating cold. Next you discover that this city, the size of Buffalo, has only one good hotel, the Grand Hotel de la Rotisserie Sportsman. Its manager is a much harassed man. Each morning fetches its trainload of travelers who plead with him for rooms, bring influence to bear upon him, jolly him, bully him and wait all day, fluctuating between hope and despair. His hundred rooms are one of the finest monopolies in the world, but his job is nerve racking.

São Paulo's beauties are not architectural, but industrial and commercial. An amazing tangle of narrow, crooked streets, it outdistances Boston's cow paths for complexity. Were not coal so expensive in South America it would probably have Pittsburgh's smoke—fortunately its factories run largely on water-power electricity, of which it has sufficient for a city four times the size.

But when one studies it from the business standpoint it is revealed as a city with a remarkable past and a still more remarkable future. For, through its port of Santos, about sixty miles away, it is the outlet for the greatest railroad system in Brazil, which centers at Campinas, about 150 miles to the northwest.

Brazil is like Gaul, divided into three parts—the Amazon country in the north, with its gateway through Pará; the central portion that finds outlets through Rio de Janeiro, Bahia and Pernambuco, and the prosperous southern region, with



ports at Santos, Porto Alegre and Rio Grande do Sul.

But Santos and Sao Paulo are also the gateway for Brazil's great New West.

#### RAIL EXTENSIONS PROPOSED

LOOK at the map and you will see that from Santos to Campinas the railroad is like a wrist, and northwest from Campinas the hand develops, with fingers reaching up into the states of Minas Geraes, Goyaz and Matto Grosso. These fingers are constantly growing. During the next five years they will probably be extended farther than any other railroad lines in South America. Each extension means the settlement of new coffee, cattle and farming lands, producing wealth for export, together with cotton, wool and other raw materials for the factories of Sao Paulo. Ultimately they will open up not merely the great Brazilian interior, but connect with railroads in Bolivia, Peru, Ecuador, Colombia and Venezuela.

The Pan-American railroad, with express trains from New York to Rio de Janeiro and Buenos Aires, will ultimately be several railroads, running down through Mexico, Central America and the southern continent through Brazil, Peru, Bolivia, Chile and Argentina. Through connections may be made on several of these Campinas fingers by all-land

route, and another finger may run almost due north through the Amazon country to some Venezuelan port, connecting with steamships for New Orleans and New York.

Between Sao Paulo and Santos there is a granite wall, so steep that the single railroad climbs 2500 feet in a distance of about seven miles, and operation is by cable haulage, with electricity, part of the way, because locomotives are not equal to the grade, one of the steepest in the world. Freight is not only slow but so costly that cheap bulk products cannot be sent to the ocean. Thus, Brazil's great interior is like a bottle with an exceedingly narrow neck, and a very little study of the situation demonstrates that some day the neck of this bottle must be enlarged or broken.

Just outside of Sao Paulo, Armour & Co. are building the largest meat-packing plant in South America. It has capacity for loading eighty big refrigera-

tor cars at once. Three such trains are needed to load the average refrigerator ship. That plant alone, working full capacity, promises to congest the single cable railroad to Santos, already carrying most of the coffee that the world drinks. This railroad, engineered, built and operated by a British company, is a monopoly, under concession, so that a competing line cannot be built within twenty-five miles on either side. Freight is hauled in the small ten-ton "waggons" used on British railroads, where forty-foot American-type refrigerator cars will be needed for meat traffic. The concession ends in 1927, however, and American railroad engineers, tackling what was declared an impossible job, have located forty miles to the south a route over which locomotives can cross the granite wall the entire distance on grades not exceeding 2 per cent. So there seems to be no real difficulty about enlarging

of her railways—indeed is now taking steps to do so in the Sao Paulo country. And the railroad fingers reaching out from Campinas are thrust through forests of trees which will supply fuel for many years to come. These trees must be cleared away before the land can be cultivated, and as they are useless for lumber, tanning extract or dyewood, burning them to haul Brazil's soil products to market is the best use to which they can be put.

As for railroad policy, that seems to be largely a matter of vision and demonstration. Our West was opened up by building railroads where no population or freight existed, making rates low enough to attract settlers, and waiting over periods of five to ten years for dividends, which were very satisfactory when they materialized.

A plucky British railroader secured a concession for a short railroad tapping new coffee and farm country out where the transportation fingers are growing beyond Campinas. Having built his line under many difficulties, and got a single locomotive, a passenger car and some "goods waggons" upon it, he began running one train a week, charging rates so high that dividends were earned immediately. An American railroader tried to show him that with reasonable rates and one train a day, while he



PALACIO PRESIDENCIAL, THE WHITE HOUSE OF BRAZIL AT RIO

the neck of the bottle when it becomes necessary—and the pressure of soil products from the interior of Brazil will do it.

#### FREIGHT RATES HIGHER THAN IN THE U. S.

A SINGER sewing machine can be freighted from the factory in New Jersey to St. Louis for \$1, to Denver for another dollar and San Francisco for \$3. In Brazil the freights are three times as high, and only commodities like coffee, which will stand charges of \$1 a bag, are profitably exported. This is due to two conditions. First comes the high cost of imported coal for railroad operations, and, second, the European policy of making railroads yield the highest immediate dividends for investors by heavy traffic charges. The fuel situation can be remedied in two ways. Brazil is rich in water power and could electrify much

could not pay dividends for several years, he would be developing bulk traffic by encouraging farmers to raise new products, and that ultimately his earnings would be greatly increased. But the Britisher simply could not see it—his railroad viewpoint was not ours, and he is still running the weekly train with a handful of passengers and a "waggon" or two of high-value stuff.

#### SAO PAULO ATTRACTS AMERICANS

EVERY state in Brazil pays tribute to Sao Paulo, because it is the greatest manufacturing place in South America, with textile mills, shoe and clothing factories, food and other industries, supported by tariff duties much higher than our own. This tariff makes commodities so costly everywhere in Brazil that many of the Brazilians advocate lower duties and larger importations of manufactured stuff, cutting the cost of living and diverting people to agriculture. The



city and state of Sao Paulo, like Philadelphia and Pennsylvania, are strong politically as well as industrially, and because all Brazilians are intensely patriotic and the young republic is almost boyishly eager to be self-supporting and self-contained in all things, Sao Paulo continues to receive its tariff tribute, and to make nearly everything under the sun in the 5000 factories, great and small, within the state borders.

The "Paulista" admits that other states pay tribute upon his cotton cloth, woolen suits, shoes, hats and what not. But he also points proudly to the overwhelming preponderance of his coffee in Brazil's exports, making up one-third of the total sales in world markets. And to coffee his state is adding a diversified agriculture which will bring economic stability to the republic.

The city of Sao Paulo has its American Chamber of Commerce and one of the most hospitable and enterprising American colonies in South America. Before the war there were not more than forty or fifty Americans there, but today they number several hundred, with newcomers constantly arriving. Residents are re-enforced by hundreds of traveling American business men.

Climatically, Sao Paulo is unique. Lying almost exactly upon the Tropic of Capricorn, it is exactly the position of Havana in terms of northern latitude. But it also lies on an elevation of 3000 feet, so that it is a tropical city with a temperate climate. Bananas and pineapples can be grown within its borders, and garden stuff fully nine months a year, with two crop periods for field stuff, the first in September, the Brazilian spring, and the second three to four months later. Along with this geniality of temperature there are severe frosts every eight or ten years, and the Sao Paulo winter is less genial to people than to plants, because characterized by fogs and rain and penetrating cold that searches out every room in the unheated houses.

#### ARTICLE XXXIV

### TENNESSEE WOMAN SHOWED HOW TO WIN OUT IN BRAZIL

**RIO DE JANEIRO, Nov. 5.**—Soap is a luxury in Rio de Janeiro—ordinary laundry quality costs thirty-five to forty cents a pound, and a fifteen-cent cake of toilet soap half a dollar.

So people use caustic soda, instead, for washing clothes.

Clothes do not last long in Rio de Janeiro—and like soap they cost about 150 per cent above New York prices.

Soda crystals are better for washing, easier on clothes. What Rio de Janeiro needs badly is a good steam laundry, with dry cleaning on the side. But mean-

time soda crystals or sal soda are the thing.

There was an American sal soda factory in the Brazilian capital, but for some reason it had grown sickly.

Along came an American woman looking for something to do. With a woman's knowledge of home life she suggested a new field of development for the sal soda factory—that of domestic use. Up to then all the attention had been centered on industrial uses and the heavy chemical trade. This was considered so promising that the factory was put under her management.

Today she is building up grocer distribution for household soda crystals under



BRITISH AMBASSADOR VISITING PRESIDENT PESSOA

a trademark by methods which are familiar at home, but decidedly a novelty in Brazil.

Once get a trademark established in Brazil, and the demand for your products will make your old age comfortable. The conservative Brazilian is willing to pay more for a trademarked article that he knows, even though it is a simple staple.

Most trademarks have been established in Brazil by taking plenty of time. Our quick, intensive way through consumer advertising and direct sales work to secure distribution is hardly known.

But this woman is doing the job Yankee-fashion, and mostly doing it herself.

### SHE OVERCAME OBSTACLES

**MRS. LUCIE M. MORGAN** sold a successful specialty shop in Chattanooga, Tenn., about three years ago and wanted a vacation. She read a magazine article about South America, and, with feminine directness, decided to go there, set out for Buenos Aires, got off at Rio de Janeiro, liked it, stayed, and for several months alternated rest with war work. By and by she wanted something real to do, and tried to get a plain job selling goods for an import house. Nobody would put her on the sales force—the idea of a woman selling goods in Brazil was too startling. With the greatest difficulty she finally got a chance with the Rio de Janeiro branch of a New York exporting house, and was sent out to sell silk. Neither the house nor the line seemed to be getting anywhere in Brazil. After their astonishment over the woman "salesman" (they thought she was a shopper who had got into a wholesale house by mistake when she first entered) the Brazilian merchants treated her magnificently. But they regretfully showed her orders for that identical line placed six months or a year before and never filled.

It was hard, uphill work, but the finest possible experience in Brazilian business methods and the Portuguese language—three months' study on her arrival in Rio de Janeiro had given her a knowledge of Portuguese. This experience also led to a resolution to next time overcome the distance handicap on importing by selling something made in Brazil, right at hand and under her own control.

When she took up soda crystals a few visits to the wholesale houses that jobbed stuff to the 1200 retail groceries in Rio de Janeiro demonstrated that her scheme of distribution must be her own.

The average grocery store in the Brazilian capital handles actual "groceries." It is usually a little place, often in a poor neighborhood, run by a hardworking Portuguese. The stock is limited in quantity and variety, comprising chiefly Brazilian "xarque," or dried beef, salt meats, beans, rice, coffee, salt, soap and like staples, almost entirely in bulk, very few package articles being handled. The idea of creating demand through advertising, samples and judicious placing of small initial stocks with retailers is new to the wholesale trade. Mrs. Morgan decided that if distribution was made through wholesalers they would kill the business in its infancy by overloading the little retailers before they had learned to sell her product and the advertising had started consumer demand.

### GOT "LITTLE FELLOW" FIRST

**THEREFORE**, she became her own distributor, got an automobile, loaded it with sample packages and small



dealer lots and started out to see the little grocers herself.

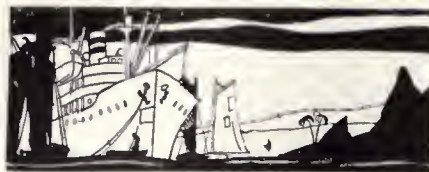
The work was often amusing. When the busy little Portuguese saw her coming into his shop he sensed a profitable new customer, and it took considerable explanation to convince him that the *senhora* was really selling goods. No, not selling goods, but actually giving them away! For, first of all, she asked him to take enough samples for each of his customers free of charge. So far as is known, only two American package articles, Royal Baking Powder and Sapolio, had ever been introduced into Brazil by sampling. She also gave him a poster to hang in his store, with the trademark and some facts about the efficiency and harmlessness of soda crystals as compared with other laundry chemicals. Her product has a simple brand, "Gato," which means "cat," and can, therefore, be conveyed by a picture—an important consideration in Brazil, where 80 per cent of the people cannot read.

That concluded the first interview. Coming back several days later, she usually found the little grocer selling the samples, not giving them away. Again the idea was explained, and Rio de Janeiro newspapers opened up to show the advertising which was going on to bring him customers. Presently he got the idea, and then wanted to buy a big stock of the "Soda Crystalizada Gato." He would take twenty milreis' worth—eighty pounds, a \$5 order. Instead, she limited him to ten pounds—five kilos. This is only sixty-three cents' worth and looked like small business by our standards; but it is the way to get things going in Brazil. The five-kilo order is packed in a bag bearing the trademark, to be sold in bulk, because the average sale to a grocer's customer is too small for packages. He sells a handful of the stuff for a 200-reis piece. This is written \$200, but it is only five cents.

The whole business is novel to the little grocer. Very often his Portuguese conservatism leads him to declare flatly that he won't have anything to do with it. It is a distinct mental effort for him to link up the consumer advertising, the samples, the poster and his own profit on the five-kilo bag. But his profit margin is generous, and the *senhora* explains that he is going to make some money, and comes back again to ask if he is ready to begin making that money now, and finally he gets it all straight in his head. After that he is the most loyal customer in the world.

#### "LUCKY CATS" IN ADS

THERE are two different lines of advertising which might be followed for this article—one "reason why" and the other reiteration of trademark. Technically, *sal soda* has advantages over other washing chemicals widely used in Brazil because it will not destroy cloth-



ing. But, instead of going into the technicalities, Mrs. Morgan simply keeps the brand before the public. Cats bring good luck in Brazil, and the advertising emphasizes the "lucky cat." Evening papers and illustrated magazines going to the home are used, the copy being chiefly short squibs about the lucky cat inserted in the reading column. Covering the city herself and supplying goods out of her own car, Mrs. Morgan is organizing the grocers into routes for regular visits, to keep them stocked without overloading. Her experience leads her to favor the building up of her own permanent distributing service in Rio de Janeiro. In other cities agents are being appointed, and after the mechanism of sampling is explained, they are backed up with posters, printed matter and a certain amount of money monthly, based on their orders, for local advertising purposes.

There are a good many discouragements in establishing such a business in Brazil. Advertising of the right kind shows astonishingly quick results, and the little grocers take hold loyally, too, and soon start rolling up volume. But there are innumerable federal, state and municipal taxes and regulations to meet. Every business transaction must be "fiscalized," which means a regular snowstorm of official papers, signed again and again by the proper authorities. This business requires an experienced *despachante*, or broker, for no stranger could keep track of it all. A straight business course is laid out, only to be blocked by some such regulation as that forbidding a woman to hold shares in a corporation in Brazil, and an indirect road must be taken. All this costs money, but the loss in time is even more serious in establishing a new enterprise.

#### ARTICLE XXXV

#### SOME STRAIGHT BUSINESS TIPS BEARING ON BRAZIL

RIO DE JANEIRO, Nov. 8.—There seems to be an excellent opportunity in Brazil for an American printing plant. Two weekly newspapers in English have recently been established there, the *Times of Brazil*, in Sao Paulo, British in management and tone, and the Brazilian



American, in Rio de Janeiro, edited by Americans. When the latter was established its editor and publisher, Robert C. Brown, found it necessary to have the typesetting done in three different places, the advertisements set up at two others, the engravings made in two different shops, and the printing in still another. These details almost called for a "*despachante*," or customs-house broker. Rio de Janeiro has only one linotype operator who can read English. American concerns doing business in Brazil value printing like that obtainable at home because it reflects American character. An enterprise like a new American packing concern, marketing its specialties in Brazil, would use \$25,000 to \$50,000 worth of printed matter yearly—advertisements, labels, receipt slips, cartons and the like. Skillful type arrangements for advertisers would become an important branch of such a printing office. It is said that \$100,000 would capitalize an up-to-date American printing concern in Brazil, and that it would have virtually undisputed control of business from American houses, provided it were manned by Americans and turned out a diversified line of work of American character.

\* \* \*

"SWIVEL-CHAIR experting" still seems to be a thriving industry in New York city. This is done by the export concern with most of its organization at home, represented chiefly by advertising and circulars. One concern, running full-page advertisements in New York newspapers, describing its connections in Latin America most convincingly, was found upon investigation in Rio de Janeiro to have only a small office—virtually desk room—and a single representative. At home such a concern has little more direct connection with manufacturers, and should it secure Latin-American orders, places them with the manufacturer quoting the lowest price, and simply passes the documents along without any attention to details. There recently arrived in Rio de Janeiro a shipment of white cotton blankets from a New Hampshire mill. Each blanket was carefully wrapped in black tar paper and put into a burlap bale, with the ends sewed through burlap, tar paper and blankets. The latter were all discolored. The Brazilian customer was willing to take them at 25 per cent discount, a generous offer; but lack of basis for direct dealing made this difficult, as the transaction was a four-cornered affair between the Brazilian buyer, the Rio de Janeiro bank, the New York export agent and the New Hampshire manufacturer.

\* \* \*

LACK of close teamwork among manufacturer, export house and branch banks abroad complicates many world-trade shipments which would turn out



happily if a little understanding and leeway were permitted. The manufacturer ships the goods, the exporter passes the documents to the bank abroad, with a draft that must be paid before the buyer in a foreign country can get the documents, and the latter are necessary before the buyer can get the goods. His shipment may be damaged, pilfered or not up to specifications. The bank acts strictly for the export house and manufacturer—it must collect the money, that being its sole function under its instruction. If there is damage or loss, the buyer discovers it only after he has paid. The other day in Rio de Janeiro an importer who, for such reasons, had grown

canceled orders following the armistice last November. This is true of good houses in other Latin-American countries. While goods were scarce during the war these houses placed orders which were often unfilled because of war restrictions, shortages, lack of shipping and other handicaps. Consequently, duplicate orders were placed with different concerns in the United States, in the hope that at least one lot might come through. After the armistice many of these orders began to arrive, and in Brazil, with its inflexible banking system, money was not obtainable to take them up. Rejections and cancellations followed, and many an importing concern,

pound. When he got the actual leather it had risen to \$1 a pound.

\* \* \*

**A**MERICAN home-making and fashion magazines are read with eagerness in Brazil, and the people copy details in their homes wherever possible. Brazil has skillful craftsmen, capable of making furniture, decorating rooms and carrying out garden schemes at a cost with which we could not compete. That is, one of our bedroom sets might cost less if we could make a thousand all alike, but the Brazilian hand-craftsman's copy beats our best price on an individual job. Readers of these magazines marvel



OLD AQUEDUCT NOW USED FOR TROLLEY CAR VIADUCT

bitter against American business methods during the war, was found quite jubilant. "For the first time in three years," he said, "I have just got with an American shipment a letter from the manufacturer to the American bank here directing that I be permitted to examine the goods before taking up the draft, with the option of declining them if not in good order. I believe the Americans are really learning how to export!"

\* \* \*

**R**ESPONSIBLE business houses in Brazil find that their credit ratings in the United States have suffered depreciation through misunderstanding over

fundamentally sound and a good customer, today finds that its credit rating with American houses is inadequate, and that it is often asked for cash with order. The happiest results during this cancellation episode followed where American manufacturers instructed their Brazilian representatives or our American branch banks to adjust matters with their customers, allowing them the necessary time to finance their purchases. How well pleased a customer might be was shown the other day, when a Rio de Janeiro importer finally got a shipment of leather from the United States as the result of skillful adjustment. When he bought during the war he paid fifty cents a

at the advertising—which they honestly call "propaganda." "A whole page of propaganda just for curtains!" exclaimed a Brazilian, reading one of our home-making magazines. "No, not curtains; just curtain poles," corrected an American, which made it all the more wonderful. Like the movies, these magazines are creating desire for American clothes, furnishings and comforts.

\* \* \*

**A**MERICAN business men in Brazil hear rumors, attributed to Washington, that commercial missions of various kinds are to visit Latin America to "promote our trade." Having in



mind not rumors, but some definite official announcements about ships made by Washington last summer, they say. "Give us ships, not missionaries! Mails are six weeks apart and come down irregularly on freighters. Goods come on one ship and documents on another. Trade cannot be built without fast, regular communication and transportation—give us the ships and we will promote the trade on the spot."

It was stated recently by an investigator of east-coast conditions that a good American passenger steamship could, on the return trip, book a thousand passengers from Buenos Aires, Montevideo and Rio de Janeiro.

\* \* \*

**L**IKE the second-hand automobile business, the business of renting typewriters is virtually unknown in Argentina, Brazil, and probably other Latin-American countries. Every other American arriving in Buenos Aires and Rio de Janeiro wants a rented typewriter in his hotel room for business correspondence. Apart from the fact that new and rebuilt writing machines are very scarce in South America just now, typewriter concerns make no provision for this, and so have not built that department up to profitable volume, although a rebuilt machine rented by the week to a business man would earn \$5 and probably \$10 a month and net 25 to 50 per cent profit yearly on its cost with good management and service.

\* \* \*

**S**OME of the American medical men in Brazil advocate wider publicity there for our medical schools. They say that Brazilian medical training is either obtained in Paris or follows French lines. Under the French system much time is spent in listening to lectures, rather than in our practical clinical experience, with the student summarizing his results for himself, as a substitute for lectures. The French concept of medicine also differs from ours in that "shotgun" prescriptions of a dozen drugs are often administered, where the American doctor gives one drug until its effects are apparent, and probably a dozen drugs make up the backbone of his prescribing. It is also believed that our interne system, giving practical hospital experience during their instruction, both in treatment and self-

reliance, has characteristics of its own which would appeal to Brazilians. Comprehensive descriptions of our medical schools and what they have to offer, without critical comparisons, backed by the distribution of literature, seems to be the kind of publicity which would benefit both the Brazilians, freshmen and post-graduate, and our medical colleges.

#### ARTICLE XXXVI

#### AMERICAN METHODS MAKE ADS "PULL" IN BRAZIL

**R**IO DE JANEIRO, Nov. 10.—An American business house with a branch in Brazil began advertising in some of the Rio de Janeiro daily papers. One journal had been left off the list. Its man came around and asked for that advertisement.

"You can have it on one condition," said the advertising manager of the American concern. "We want a special position on this news page instead of having our announcement buried Brazilian fashion."

"But we can't put an advertisement on that page," objected the newspaper man. "Other American houses would want to be placed there too, and the page would soon be full of advertising."

"Why not add another page to your paper, then?" said the American.

"Oh, that would make our newspaper too heavy!" was the reply. "People like to carry it home because it is light; we mustn't make our paper too heavy to carry."

Brazil is a country of many newspapers, and has been called "the journalist's paradise" on that account. It is hardly an advertising man's paradise, however, for paid announcements, crowded indiscriminately onto the back pages, are poorly set, seldom illustrated and utterly lacking in attractiveness. The

that even a limited campaign in the newspapers involves dickering with each publisher.

Many of the Brazilian newspapers, particularly in Rio de Janeiro, have been partly supported by government subsidies for political services. These subsidies are paid by state governments as well as the federal administration, not necessarily with ulterior motives, but often by way of community and national propaganda. It is said, as an illustration, that the enterprising state of Sao Paulo liberally backs one of the Rio de Janeiro dailies so that it may always be well represented in the national capital. The word "propaganda" is a synonym for advertising in Brazil as well as throughout Spanish America.

#### MORE DAILY PAPERS THAN N. Y.

**B**UT Brazil has now begun to build an advertising industry.

One of President Pessoa's first steps in government economy was the cutting off of federal newspaper subsidies. This has forced publishers to seek new sources of revenue. They are now beginning to develop advertising service, as well as to increase their circulation by improvements in the gathering and arrangement of news. Brazilian newspapers have for years been most enterprising in securing cable news from the whole world, but it has been printed by countries, without regard for easy reading. Four separate items about President Wilson's health will be scattered through the coffee quotations from the United States, where an American newspaperman would bring them together, expand them into a "feature story," and play it up with interesting headlines.

Rio de Janeiro, with 1,250,000 population, has fully twice as many daily papers as New York city, but circulations are small. The largest is an evening paper printing 60,000 copies, while the



MUNICIPAL THEATRE—THE GRAND OPERA HOUSE OF RIO DE JANEIRO

advertising solicitor is everywhere, but offers nothing in the way of service or ideas in selling space; very often he is a free lance, getting a commission on such business as he can find, having no actual connection with the business department. The advertising agency, as we know it, is virtually nonexistent, lacking even a list of mediums and rates. The fixing of advertising rates is yet to come, so



average for other popular journals is from 30,000 to 35,000 copies. The best-known Rio de Janeiro daily, internationally a journal comparable with the London Times for its comprehensiveness, is credited with only 12,000 circulation. Some of the smaller publications frankly live on what we would call blackmail, like the horde of obscure journals in our Wall street district—their editors call upon business houses and prominent citizens with proofs of articles that the latter will pay to have kept out of print. Slenderness of circulation is due to the fact that Brazilian dailies have no national circulation, each city reading its own journals. The leading newspaper in the city of Sao Paulo is credited with a circulation as large, if not larger, than the most widely circulated daily in Rio de Janeiro.

American business men in Rio de Janeiro have begun active teamwork with newspaper publishers to improve advertising and demonstrate how it can produce revenue when backed by service.

#### SPORTS PAGE BROUGHT READERS

FOR example, one of the leading morning papers recently started the first automobile page ever published in Brazil, and perhaps on the southern continent. This particular publisher has been thoroughly enterprising since the Americans came. Taking a comprehensive cable news service from the United States, he played the dispatches up on his first page and got all the Americans reading his paper. Then he took pains to place American advertisements in good positions on his news pages. On top of that he started a sporting page, which was very successful from a circulation standpoint, because most of the sporting events in Rio de Janeiro occur on Sunday, and the Monday morning sporting news made circulation the best in the week.

One day an American automobile tire man showed this publisher the automo-



bile section published weekly by an American newspaper. With sixteen pages of automobile articles and advertising, it was bigger than the Brazilian's whole journal. He explained that Brazil, larger than the United States, has only 8000 automobiles, of which 7000 are old European cars, as against 3,500,000 automobiles in the United States. Behind the automobile in the United States is the automobile "fan." Americans know cars, drive them, repair them, ask questions about them. Our automobile fans are organized in clubs, and their organizations and interest have been a big stimulus for good roads. Much of our automobile public opinion has been created by the automobile departments in our daily papers, spreading motor information. Brazil needs automobile "fans" to get the motor transport and highways necessary to develop her.

The Brazilian publisher saw the point at once. The first good roads convention ever held in Brazil was to be called together shortly. He made that the occasion for starting a weekly automobile page. The American automobile and tire men helped him by writing articles, furnishing pictures and undertaking to supply technical information for a "question box" on Yankee lines, which would tell any inquirer how to adjust a carburetor, get mileage out of his tires or grind valves. Having seen the same ideas worked out successfully at home, and having estimated Brazil's potential market for automobiles at 100,000 cars, the Americans simply laid a broad foundation for popular interest, and Brazilian intelligence backed them.

#### ADVERTISING AGENCY NEEDED

OTHER American concerns have demonstrated that advertising pulls in Brazil when newspaper space is used intelligently. A second instance is the advertising of an American branch bank in Rio de Janeiro. It has been made a rule that all announcements must have good position, and also definitely suggests something for the public to do, such as open a commercial or savings account. The idea of thrift is also new in Brazil, but a quiet campaign advertising the savings department is bringing this bank hundreds of new savings accounts.

In the absence of a good advertising agency in Rio de Janeiro, the placing of consumer publicity by American houses with distribution in Brazil is rather difficult. The best results have been secured by American concerns with their own representatives on the spot, giving personal attention to the selection of medium, the translation of copy, position, rates and other details. Several advertising agencies at home have made contracts with Brazilian newspapers, contemplating the placing of American publicity from New York or Chicago. Similar contracts have also been made with Argentine advertising agencies in Buenos Aires. So far as can be learned, however, little advertising has been placed by this method. London advertising agencies have for years specialized in world advertising service, and the chief directories of the world's newspapers and periodicals are published there. Brazilian publishers allow a commission on advertising, so the basis exists for building up a modern agency here.

When it comes to concrete advertising appeals those familiar at home are generally effective with the Brazilians. In fact, well-to-do Brazilians who read English pay fifty cents to \$1 for our magazines, especially those with plenty of advertising for clothes and home furnish-



PANORAMIC VIEW OF SANTOS, A COMMERCIAL CENTER OF BRAZIL



ings, and find the advertisements much more interesting than the reading matter.

### "MADE-IN-BRAZIL" EFFECTIVE

THE Brazilian, first of all, is patriotic—proud of his country and citizenship, proud of her new manufacturing industries, and eager that Brazil shall have the best regardless of cost. This makes it advantageous to emphasize goods made in Brazil itself, or assembled there, or made from Brazilian raw materials. It also justifies the quality appeal on countless things bought for the community, such as railroad equipment, materials and supplies for public buildings.

Then the Brazilian is a family man in the Latin sense, with deep pride in his home and a keen interest in anything that will improve or adorn it. He does not always understand comfort, convenience, time saving or labor saving as do Americans, but, like all our cousins on the southern continent, these characteristics invariably impress him when he visits the United States, and because he is quick to appreciate them when practically demonstrated, that appeal is capable of development.

Brazilians value personal appearance. Probably they are not as "snappy" as the Argentinos in dress, but neither are they so conservative in the matter of wearing colors. French fashions prevail in women's clothes, and the men look more to Europe for dress standards than to the United States. There is an element of daintiness about masculine togs, in marked contrast to the athletic note in our men's wear. Well-to-do Brazilians probably pay as much for their clothes as any people in the world, but, in contrast, the very cheapest grades are purchased by the mass of the people.

Brazilians are ambitious, and would unquestionably respond to the familiar American appeal of "Learn More and Earn More." There is a marked interest in technical education and practical things—where Brazilian students five years ago learned French and studied law or the classics, they now learn English, to profit by American technical books and educational facilities.

### ARTICLE XXXVII

### EUROPE LOSES AIRCRAFT FIELD TO U. S. MACHINES

RIO DE JANEIRO, Nov. 12.—Almost with the striking of the eleventh hour on the western front, the flying men set out for South America. European governments packed up war machines, selected crack military aviators, backed them officially and financially, and sought South America's trade through "air missions."

The reason for this promptitude is clear enough. At least half the Latin-



American republics have armies, and are good prospects for military machines, while hydroplanes and flying boats offer them the most feasible way of protecting their long coast lines, supplementing their navies. And the great distances of the southern continent, with limited development of railroads and the long trips by coast steamer, make ample opportunity for airplanes to carry mail, passengers and express matter.

For six or eight months Latin-American eyes were in the air. "Raids" were conducted from one city to another, neighboring countries peacefully invaded by way of demonstration, and the Andes flown.

During that period nothing was heard of the Americans. Everywhere the British, the Italians and the French were breaking records and annihilating distances, or getting ready to do so, and the government air missions on the spot were only evidence of greater things to come, it was said. On the steamer that took the writer to Buenos Aires in July was a lone American aviator, representing one of our aircraft companies. He landed in Argentina without even a demonstration machine and found that the European governments were giving aircraft away for nothing—a pretty blue outlook for a man who was expected to sell them!

### EUROPEANS PREPARED FIELD

BUT in three months the whole situation changed almost magically. The last European aviator went home, leaving Latin America virtually an open field for the Yankee aircraft salesman. The latter arrived with machines and began going after the business on solid commercial lines, which seemed decidedly better than the government air mission, although all credit must be given the latter for their pioneer work in arousing interest. It is obvious that this pioneer work laid foundations for commercial enterprise later.

Our delay was due to preparations for entering Latin America right, with suitable machines and a permanent business policy, according to C. H. Webster, sales supervisor in South America for the Curtiss Aeroplane and Motor Corporation. This is the first American aircraft concern to set up shop on the southern con-



continent. Before the war ended this company was studying Latin America and designing machines to meet its needs. While European governments were spending money for "stunt" flying, with machines left over from the war, Glenn Curtiss was getting new machines into production, and John Willys was backing him up with the American automobile man's vision and policy. When Europe began to think about getting back to work to make commercial aircraft adapted to Latin-American needs the Curtiss company was ready with actual machines.

Most of the aircraft given to Latin-American governments by the European air missions are useless even for military purposes, much less commercial flying. Chiefly bombing and combat planes, they are too big and heavy, or consume too much fuel, or cannot be kept in service economically. In many cases, it is said, they have not been unpacked.

### GASOLINE \$1 A GALLON

WHAT Latin America needs are small airplanes and flying boats for training both military and civilian aviators and for individual use in pleasure flying and air travel, with larger machines for mail and passenger use. Fuel consumption must be moderate, because gasoline costs seventy-five cents to \$1 a gallon. When the Latin Americans tried some of the war planes left by the European air missions they found that their flying school gasoline supply for a month disappeared in a few hours. Neither the great horsepower nor high speed of the war planes is needed, and against the highly sensitive combat motor, built for a short life of superperformance, with costly maintenance, commercial flying calls for a sturdy, long-lived motor that will stand up under a reasonable amount of neglect.

The Curtiss company has one machine, put into production since the armistice, which has been found highly suitable to Latin-American conditions. Built both for land use and as a flying boat, this type has 150 horsepower, and will do 100 miles an hour as a land machine or eighty-five miles rigged as a flying boat. Birds' names have been adopted for the commercial machines instead of the mystic letters and figures thus far associated with aircraft. This machine in its flying boat form is known as the "Sea Gull" and the land type is called the "Oriole." Another plane large enough to carry eight passengers, having three motors, is called the "Eagle," and a fighting plane for military use with speed exceeding 160 miles an hour is known as the "Wasp." The idea is emphasized by painting the different machines in characteristic colors, the "Oriole" being finished in orange and black, and the "Eagle" having a feather pattern on its wings and talons on the landing gear.



Such machines are not only better suited to Latin America's needs than anything yet produced commercially in Europe, but have certain refinements in design characteristically American. One example is the "V" shape of the flying boat, and also our hydroplane pontoons, which give minimum drag in rising from the water. European machines left in Latin America usually show clumsy design and very often weak construction in boat and pontoon details.

#### CURTISS OPENING TERRITORY

**T**HE first object Mr. Webster has in mind now is to get the Latin-American people flying. Taken into the air themselves, instead of watching spectacular stunts from the ground, they see that it is safe and as easy as driving an automobile. Each passenger who is given a demonstration becomes a friend of flying, ready to counteract apprehension in others. Permanent bases have been established by the Curtiss company in Brazil and Argentina and others will be established in neighboring countries. Flights are made daily in both land and water machines, and the machines invariably carry passengers, invited as guests.

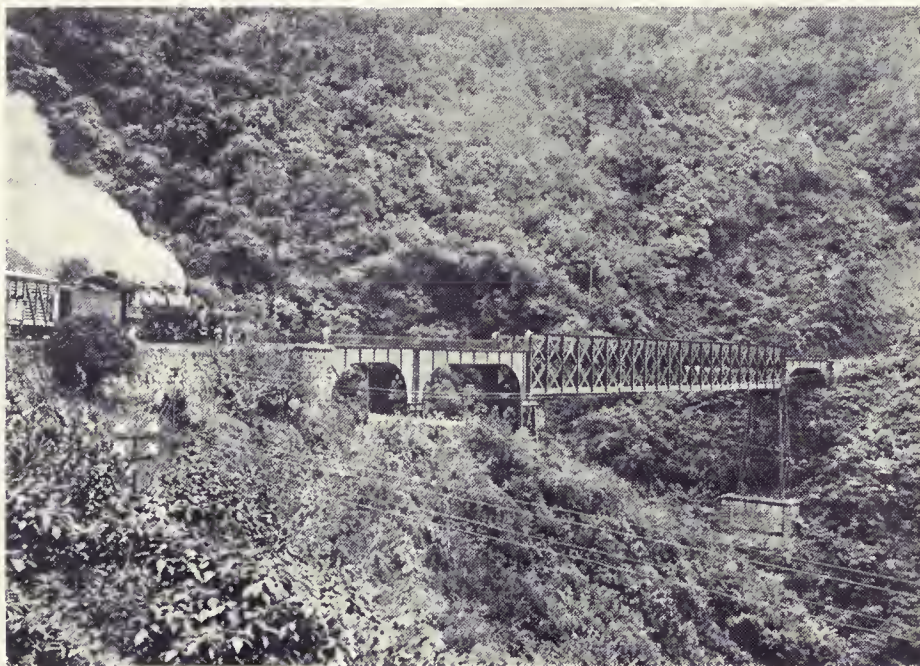
Not five per cent of the people in Latin America have ever seen an airplane, and so the Curtiss aviators are invading the interior regions, giving demonstrations of war flying, and then taking up passengers. As large a city as Sao Paulo, Brazil, with its half million population, had never seen an airplane until Curtiss aviators gave it a show in October, with all the loops, spins and falls the Paulistas have been reading about in the war news. Sao Paulo simply went wild with excitement and delight.

The first steps in developing commercial flying on the southern continent will be the establishment of mail service along the coasts. Arrangements have already been made for a Curtiss service from Bahia to Santos, a 1000-mile route which now requires nearly a week for mail, and which can be covered practically overnight by airplanes. This will later be extended to Para on the north and Rio Grande do Sul on the south and supplemented with passenger service. Another

region of Brazil scheduled for early development is the Amazon, from Para to Manaus, now requiring nearly a week by river steamer. Similar developments are being planned from Buenos Aires, along the coast north and south and up the La Plata and Parana rivers.

#### DEVELOPING MILITARY AVIATION

**T**HE outlook for private flying is excellent all over South America. Argentina, for instance, is a vast flying field with its great plains, and many an estancia owner might travel to and from Buenos Aires in a ninety-horsepower plane capable of seventy-five miles an hour, designed for landing in spaces as small as a football field. In other countries such planes would take people up to mines, and might even be used to haul out valuable ore concentrates, covering directly in an hour distances which now require



SCENE OF THE BRAZILIAN RAILROAD BETWEEN CURITIBA AND PARANGUA

one to three weeks of winding, climbing burro transportation.

There is also the field of army and navy flying, in which the Curtiss company has made a beginning with a contract from the Bolivian Government, having machines and an instructor working with the Bolivian army.

Most of the Latin-American countries have experienced aviators back from the western front, where they volunteered for service with the French, British or Italians. Mr. Webster believes it highly important that the experience of these practical airmen be utilized in developing military aviation. Realizing the value of military aviation, the governments are beginning to develop it liberally and eagerly; but frequently they organize a flying service without utilizing their returned veterans, and errors are made in the selection of planes, methods of in-

struction and other essentials. In mail and passenger service there is also room for costly blundering. As an illustration, the postmaster general of one of the smaller republics recently visited the United States to contract for air service between the coast and the capital of his country. With practically no experience in aviation, he selected planes of a military type entirely unsuited for mail service, and the aerial post in that country will unquestionably have to go through a period of failure before it is made successful.

#### ARTICLE XXXVIII

#### BRAZIL'S 30-YEAR STEEL NEED IS \$3,500,000,000

**R**IO DE JANEIRO, Nov. 15.—A

Brazilian cabinet minister sat down recently and carefully drew up the iron and steel bill of his country for the next generation—Dr. Cincinnato Braga, minister of agriculture, industry and commerce.

It was interesting in two ways: First, from the standpoint of selling steel from the United States and other countries; second, from that of providing Brazil with an iron and steel industry of her own.

Among all the Latin-American countries Brazil has the best prospect for establishing her own steel industry, and has shown the greatest

interest in the subject and gone farthest toward realizing her ambition.

Her requirements for the next thirty years are estimated by Doctor Braga at 60,000,000 tons. That is, 2,000,000 tons a year, or four times our own total rail export of steel before the war. At upward of \$60 a ton estimated cost it is a tidy little order of \$3,500,000,000.

Right now it can be figured by the steel salesman, unaided, in terms of tonnage and price. But tomorrow the capitalist and technical man will be called to Brazil to see if the stuff cannot be made on the spot. For if it can, then Brazil's growth should be greatly stimulated, along with that of neighboring Latin-American republics, which would become customers for her steel industry.

Without Bessemer and his converter, the United States would have had no Hills or Harrimans, no Pittsburghs or



Detroit. It may well be that some genius of the same caliber will, during the next decade, through some technical improvement in metallurgy, turn Brazil's mountains of iron ore into the steel rails, locomotives, bridges, barbed wire and machinery that she needs for growth.

### NEEDS 150,000 MILES OF RAILS

**B**RASIL has today 25,000 miles of railroad. Doctor Braga points out that it has taken her seventy years to build them, chiefly because all iron and steel have been imported. She will need from 150,000 to 200,000 miles of railroad for growth the coming generation, representing a steel bill of 30,000,000 tons. Because peace finds her railroads and rolling stock in lamentable condition, 500,000 tons are needed for immediate repairs and growth. Other items during the coming generation are river and ocean steamships, 500,000 tons; steel bridges, 500,000 tons; barbed wire and farm equipment, 1,000,000 tons; national defense, 1,000,000 tons, with steel and iron beyond detailed estimate for city construction, public utilities, the development of hydro-electric power, roads, sanitation and the development of Brazilian manufacturing industry and motor transportation.

Iron is found in every state in Brazil, ranging from small deposits and ore so mixed with other metal that it would be difficult to work, up to billion-ton masses of workable ore averaging 50 to 60 per cent pure iron. Every Brazilian who writes on the subject boosts the Brazilian iron deposits as the greatest and purest in the world.

But, of course, the value of any iron ore deposit depends entirely upon what you can do with it technically as well as commercially.

The big shortcoming so far, apart from the fact that Brazil is still a very young country in point of development, has been lack of fuel to work the ore. Good coking coal for iron smelting probably exists in Brazil, but so far only a few deposits of low-grade coal have been found and worked, and they are inadequate both in quality and quantity. Pending the time when suitable coal is available, the Brazilians propose to make iron and steel by two other processes, the oldest and the newest in the world—charcoal and water-power electricity.

### EUCALYPTUS FOR CHARCOAL

**C**CHARCOAL has not only been the fuel for infant iron industries everywhere, the Brazilians remind themselves, but makes an exceptionally pure article. And that it can be built up to respectable tonnage is shown by the production of 400,000 tons of charcoal pig iron in Michigan today despite the competition of Pittsburgh, and also in Sweden's production of 1,000,000 tons yearly in times



past through systematic forestry to maintain the charcoal supply. Brazil's forests have been pretty well depleted near the railroads, but the planting of eucalyptus trees is suggested, making charcoal from the five-year growths. A British iron company that planned extensive operations in Brazil before the war has already planted a big tract of eucalyptus for charcoal. It is estimated that fifty trees will yield enough charcoal to smelt a ton of iron, and that a beginning might be made by setting up small furnaces in the midst of newly planted forests over the iron areas. These sections happen to be rich in water power, and that might be utilized for turning charcoal pig iron into steel, and the latter into finished rails, bars, structural shapes, machinery and so forth.

Of course, there is the little item of cost—very much loaded! Hydro-electric installations are not exactly cheap these days, and the electric furnace is practical chiefly for fancy steels in moderate tonnage. Whether Brazil can even make charcoal iron in competition with the marvelously efficient industries in the United States, Great Britain, Germany, France and Belgium, with a thundering protective tariff, must be demonstrated.

The Brazilians, however, have already taken steps to try the thing out.

Under a presidential decree in 1918, they offer government aid to anybody setting up in the iron or steel business in their republic. If a plant has a daily output of twenty tons or more, making iron or steel with charcoal, coke, electricity or other fuel, the government will, until March, 1921, lend money up to the full amount of the cost of installation, taking a mortgage on the plant. To secure this aid full details of plant and process must be submitted to the government, which will continue to audit transactions during the life of the mortgage. A certain number of Brazilian apprentices, named by the government, must also be employed. The money is lent for twelve years at 5 per cent interest. The government agrees to buy its own iron and steel from these plants at the price of imported iron and steel plus tariff duties. It also agrees to build



small branch railways to supply plants with ore and fuel, and arrange favorable railroad and steamship rates upon imported apparatus and upon steel products sold in Brazil and neighboring countries. However, not more than \$1,300,000 will be loaned to any single plant.

This government aid also extends to Brazilian coal mining, any enterprise producing 150 tons of coal daily being loaned one-half its investment in equipment and mineral land on the same terms, with a limit of \$520,000.

Under this plan it is estimated that an expenditure of \$40,000,000 to \$50,000,000 during the next seven years will establish an iron and steel industry, save at least 30 per cent over the cost of imported steel, and greatly advance the development of the country. Naturally, different authorities take different views of that. On one hand, Brazil has made astonishing industrial advances along other lines during the last five years. But it will unquestionably take years of high protection to put her textiles, shoes, clothing and other products on a par with those of advanced industrial countries, both in price and quality, and the same is probably true of Brazilian iron and steel.

### FIELD FOR STEEL SALESMEN

**R**EGARDLESS of the future, whether it brings success or failure, there is going to be some good steel business for the salesman in Brazil.

It will take five to ten years for government-aided plants to build up important tonnage even if they are successful. So far virtually no advantage has been taken of the government's offer on iron and steel. This may be due more to the world's general delay in getting back to work, however, and that there are possibilities in the situation is shown by the British project for a \$10,000,000 iron development in Brazil before the war, undertaken without government aid. To be sure, this syndicate planned chiefly the mining of iron ore and its shipment to England, taking advantage of the large tonnage formerly employed in carrying British coal to Brazil and Argentina, which might make it feasible for England to work Brazilian ore. This company apparently saw possibilities in charcoal iron, even without high protection, when it planted its forest of 2,000,000 eucalyptus trees.

Brazilian iron and steel are probabilities of tomorrow. Brazil's need for imported steel is an actuality of today. Her importations during the last year of peace were 575,000 tons, while her imports the last year of war were less than one-tenth that amount, 45,000 tons. Germany led in tonnage in 1913, 150,-



000 tons, France came second with 120,000 tons, Great Britain next with 105,000 tons and the United States fourth, 90,000 tons. During 1918 we sold nearly all the iron and steel Brazil imported, 36,000 tons, though Great Britain managed to supply nearly 3000 tons even in war times.

Like every other country in the world, Brazil is out at the elbows for iron and steel. Her industries must be reclothed. Part of that \$3,500,000,000 order may eventually go to the promoter and engineer, but there is a generous slice of it cut for the American steel salesman right now.

course, it cost decidedly more than freight, but in this case was well worth the money. It is not generally known that American express service is available in Latin America. In 1916 the American Express Co. found such a demand for service on the southern continent as a result of the war that branches were established in Argentina, Brazil and other countries. The Brazilian branch is representative. A Brazilian corporation called "Companhia Expresso Federal," capitalized in the United States, will quote through rates on merchandise shipments from the United States to any part of Brazil, including

#### TARIFF ON COLOR PRINTS

**A**DVERTISING matter shipped into Brazil is subject to a complicated schedule of tariff duties. Probably on no other detail do Americans have so much trouble, either when catalogues or printed literature are sent in quantities to their Brazilian representatives or salesmen bring advertising material with them. To begin with, the Brazilian customs house is supposed, under the law, to charge about three and one-half cents a pound on all advertising matter. Actually, through numerous rulings, duties are assessed according to the number of colors in the printing. This basic rate of



GUAYRA FALLS ON THE ALTO PARANA RIVER, WHERE HYDROELECTRIC POWER DEVELOPMENT IS UNDER CONSIDERATION

#### ARTICLE XXXIX

#### FOUR FREE TRADING PORTS CONTEMPLATED BY BRAZIL

**R**IO DE JANEIRO, Nov. 17.—An American automobile man came down to Buenos Aires accompanied by a sample car. Within twenty-four hours this car had passed through customs and was being driven to a prospective representative's door—something said to be quite without precedent for speed in Argentine customs routine. It was done by shipping the car through an American express company, at express rates, and the Buenos Aires branch of this company attended to all details. Of

customs routine, the payment of duty for the shipper's account or its collection from the consignee, cartage and railroad charges in Brazil and all other items. As the calculation of Brazilian customs duties resembles one of our income tax statements, this is a decided convenience for American shippers without Brazilian connections. Special customs service is given on parcel post shipments—for samples and shipments of small value both time and money can be saved by using parcel post. Our express organization in Latin America also has facilities for furnishing lists of merchants in any line, credit reports and surveys of market possibilities for any given line, with detailed customs duties and other expenses.

three and one-half cents is charged only where one color obtains in the printing, and plain black and white leaves the least room for discussion. Two-color printing is charged seventy cents a pound, and three colors increase the duty to \$1.25 a pound. Consequently, your Brazilian representative is chary about accepting shipments of advertising matter, for a little extra printing and gilding may make the stuff cost him more for duty than it costs you to print. Such shipments are usually refused. The right way to supply him with advertising is to see that everything is printed in black and white and then shipped in to him through our express service or your Rio de Janeiro representative with instruc-



tions to deliver free of all duty charges.

Brazil contemplates the establishment of four free ports at Rio de Janeiro, Bahia, Pernambuco and Para. At present, however, freedom from customs charges and routine will apply only to coal for steamships, so that they can obtain it at world prices. Customs complications throughout Latin America greatly hamper business. An American manufacturer might cover Argentina, Uruguay and Paraguay through a branch in Buenos Aires, supplying dealers in those three countries from one warehouse, had Argentina free port privileges. But goods landed at Buenos Aires would have to pay Argentine duties, and additional duties in Uruguay or Paraguay if re-exported to those countries. Even shipments in bond from one port to another in the same country involve prohibitive delays and expenses. Brazil has facilities for re-exporting without payment of duty, but on many shipments it is cheaper to pay the duties than to go through the routine. Even where the latter course is followed the shipment re-exported must pay storage charges, port charges, statistic tax, handling charges and fees to customs guards, bondsmen, translators and consuls.

#### COUPLE CARGO AND MAIL

**A**N AMERICAN corporation with a big plant in one of the Latin-American countries sent down a new general manager from the United States. Its business in that country is done through a local corporation, headed by a Latin American as president. It was suggested that the president get in touch with the new executive. "I shan't be able to receive him," said the Latin American, "until the social season is over." Being the honorary president of such a corporation is becoming almost a profession in itself with the increase of foreign activities on the southern continent. It is usually a job awarded through political or social influence, carries a good salary, and the other fellow does all the work.

It is said that the United States post-office has for years delivered navy mail all over the world efficiently through a special dispatching service that keeps track of naval vessels, wherever they may be, and reaches them by keeping track of mail steamers. Our Postoffice Department has obviously not extended this dispatching service to business mail—at least not on east-coast routes to South America. For the British passenger ships which were formerly our only mail connection have continued to carry the bulk of the letters. They take fully twenty-five days between New York and Buenos Aires, calling at various ports between. Meanwhile our new freight



ships, making the voyage direct to Rio de Janeiro and Buenos Aires in from seventeen to twenty days, have offered the best postal facilities, but have been utilized only in a haphazard way. In many cases freight has arrived in these ships two weeks before documents sent on passenger ships. Letters and periodicals one month old have often been received in advance of others mailed two or three weeks earlier. It is now reported that the Department of Commerce, United States shipping board and Postoffice Department have held a conference to see what can be done to utilize our fairly fast freight ships for postal purposes. Americans trying to do business on the east coast of the southern continent, seeing these freighters coming in almost weekly, wonder why a postoffice dispatching service has not been busy all summer putting the right mail on the right ship in New York.

#### COLONIES NEED HOME WEEKLY

**W**ITH American business colonies increasing all over the world there is need for a good weekly newspaper chronicling United States events on lines similar to the weekly editions of the London Times and London Daily Mail. It is difficult to realize just how hungry people abroad grow for home news in their own language and with their own viewpoint. American news in Latin-American papers amounts to several columns daily, but is chiefly of political and diplomatic character. We have several weekly magazines widely read by Americans abroad because they comment upon current affairs in a general way, but none that actually condenses the news itself—they summarize opinion for people at home who are reading the daily papers. Monthly news reviews come too far apart. Daily papers from the United States are too costly for the average reader. The overseas editions of the London Times and Daily Mail cost less than a dime a week, and not only keep Britons posted on home affairs, but are profitable world trade advertising mediums for British manufacturers and merchants. In the case of the Times the general news weekly has made possible the establishment of special supplements dealing with world trade, engineering, education and literary matters. This field invites the American newspaper publisher willing to spend a year or two and some money developing circulation for a weekly news summary among Americans abroad.

After a delay of thirty years, Brazil is now going to work to organize a bank clearing house. Plans were laid for such an institution during the last days of the Brazilian empire, in 1889, but were interfered with by the revolution which made Brazil a republic. Now the president of the Bank of Brazil, Dr. Cardoso de Almeida, has drawn up a new plan, with the necessary law, and the suggestions of bankers in Brazil have been asked for. A committee of five bankers to receive suggestions and give the institution final shape includes two representatives from Brazilian banks, one Portuguese, one British and one American. Ultimately this clearing house will handle a great volume of checks as Brazilian business men substitute them for cash payments, but today there is not sufficient volume of checks to keep a Brazilian clearing house busy. But a quick, economical clearing system is already needed to simplify the transactions between the many banks in Rio de Janeiro and throughout Brazil itself. In the capital alone, besides the National Bank of Brazil and the Brazilian Commercial Bank, there are branch banks of the following nationalities: British, French, Dutch, Italian, Belgian, Portuguese, Japanese, Spanish, United States, Canadian and German.

#### TEA NOT "DRY" RELIEF

**E**VERY American who hears about yerba mate for the first time wants to try it. This is the South American tea, drunk by the Indians of Paraguay, Brazil and Argentina before the coming of the whites. In Brazil it is known as herva matte and 65,000 tons of it were exported in 1917. High hopes have been roused by the statement that mate is a harmless beverage with a kick like beer. But alas! it is as kickless as harmless, tasting somewhat like grandmother's "yarb tea." That virtually all Argentina and Paraguay prefer it to tea, however, and the greater part of Brazil to coffee, shows that it must have some lasting merit. Mate grows wild, in groves near pine trees, and is gathered by Indians, who locate the groves by finding the higher pine trees and gather the mate after the establishment of camps. Sometimes the trees are cut down, while again the tenderer twigs are cut off. The leaves are then singed over fires and packed in bales when dry. Mate has also been established in plantations, where the gathering of the twigs is more easily and skillfully done. In view of the world's interest in prohibition as well as the rising price in coffee and tea, Brazilians believe that the use of mate can be extended to Europe and the United States by demonstration and advertising.



## ARTICLE XL

## BRAZIL'S GREAT FOREST WEALTH A HANDICAP

Rio de Janeiro, Nov. 19.

A substance excellently adapted to the purpose of wiping from paper the marks of a black lead pencil, and of which Mr. Main, opposite the Royal Exchange, sells a cubical piece of half an inch for three shillings.—Dr. Priestley, 1779.

**T**HIS half-inch piece has now grown to a full four-pound chunk per capita in the United States, and thereby hangs an interesting triangle of increasing rubber consumption in the United States, increasing production in the British East Indies, and stationary production, with hard times, in the Amazon country of Brazil.

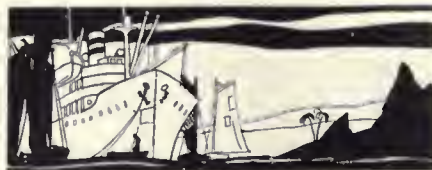
No other nation uses rubber as we do. Virtually two pounds out of every four per capita goes into our automobile tires, and the growth of that industry has raised our importations from about one pound per capita to four in the last five years. England is the next largest consumer with one and one-quarter pounds per capita, France one pound and Germany a half pound before the war. We take more than 60 per cent of the world's rubber crop.

When the British demonstrated that rubber could be grown as a plantation crop back in the seventies, and set out enormous acreage during the eighties and nineties in Ceylon, Borneo and the Malay states, the automobile was still to come. Nobody really knew what was to be done with the plantation rubber that began to materialize about 1900. But industry has a way of utilizing such things, and through some unsuspected general plan often provides them, like plantation rubber, before the actual need materializes.

Had there been no plantation rubber, Brazil's output of wild rubber would today provide a single tire and an extra inner tube for each automobile in the United States, with no rubber for any other purpose or any other country. For the Brazilian production hovers around 38,000 tons. If she had good roads and motor transport in keeping with her size and population, her rubber production would not meet her own needs, and the British rubber planter would find her a good customer.

## MODERN METHODS LACKING

**A** FEW years ago Amazon rubber brought \$2 a pound. Today it brings only thirty-five cents. Under the system of gathering wild rubber, with trees widely scattered through the forest, the unhealthy tropical climate, the excessive cost of food up in the Amazon country, the shortage of labor and the difficulty of developing new areas of wild rubber, Brazil finds it difficult to compete. Manufacturers prefer the plantation rubber because it is clean, being coagulated with chemicals instead of smoked over a fire, and coming in uni-



form sheets ready for working, instead of the crude, dirty bricks of Brazilian forest rubber.

But "fine hard Para" still has a quality all its own, and experts declare that Brazil might improve her market by improving the industry, and probably increase her output. Every pound of Para rubber has to be washed when it reaches the United States. This is done by machinery, the hard biscuits being soaked, broken up into chunks, worked through rollers that eliminate the dirt accumulated in the smoking process and press the stuff into sheets. It is maintained that a rubber-washing plant in Para would once more raise the price of Brazilian rubber to the profit point. There is also room for improvement, it is said, in tapping the wild trees by the scientific methods devised on the rubber plantations, increasing the yield per tree, and for better methods of coagulation. The Amazon rubber country probably leads the world in high cost of living, provisions being taken in and sold at three to five times our prices, yet Brazil might raise staple food articles near by. Nor is there anything to prevent her embarking in the rubber plantation industry herself.

As with coffee, Brazil's rubber has been worked on the single-crop system. But where coffee production grew beyond the world's consuming power rubber was gathered wild without provision for the world's enormously increasing demand. Looking ahead ten years ago, American rubber manufacturers endeavored to stimulate the Brazilians to increase production. Meeting with little response, they thereupon turned to the plantation rubber of the East, where they have made investments in rubber properties.

## RESOURCES ARE UNLIMITED

**B**RAZIL'S rubber industry is now passing through a perfectly natural and logical transition period. When the Brazilians found their market going they first tried a tariff stimulant, imposing heavy duties on articles made from foreign rubber imported into Brazil, and a light duty on articles made of Brazilian rubber. This has not helped matters, because Brazil imports fewer than 2000 tons of rubber articles, and it is difficult to prove the origin of the raw material. Real development is intricately involved in the general development of Brazil itself—roads and railroads into rubber regions, drainage and settlement, better methods of gathering and coagulation, organization of the

workers for increased production, and rubber production in combination with food and other crops.

The Amazon valley is so rich that its wealth is a handicap in solving this problem. For while rubber is down today, Brazil nuts are up, and can be gathered wild, too—not merely the kind that you eat, but the vegetable ivory nuts from which your buttons are made and others yielding edible and industrial oils. Cocoa is a fine Amazon crop, bringing Brazil one-third as much as rubber, and there are medicinal plants, dyewoods, hardwoods and other resources.

Brazil's hardwood forests are another instance of resources so abundant that development has lagged for lack of incentive. With the forest right at their door, many of the Brazilian cities have found it cheaper to import lumber than to organize a local industry. In Rio de Janeiro granite fence posts are used by farmers, because, at about seventy-five cents apiece, they are cheaper than any wooden fence posts obtainable.

In the north there is an amazing variety of woods so fine and with so many different uses that they will bear transportation to the United States and Europe when the industry is properly organized. Thus far the world knows chiefly Brazil's mahogany, rosewood and ebony. But these are supplemented by a hundred others. For cabinet work, furniture and like uses, it is possible to obtain almost any color or texture, and many have beauties of grain. Other Brazilian hardwoods resist water, decay and insects. Still others yield dyes, oils, perfumes, essences and medicines.

## FORESTS FULL OF FINE WOODS

**T**HERE have been great difficulties hindering the development of hardwood lumbering. For one thing, the different trees are usually isolated, so that it is necessary to search out in the forest those most in demand, and the cost of getting them to the mill is often prohibitive. Straight lumbering would require virtually a department store system of marketing the different varieties to different industries—one tree would be suitable for piano veneers, the next for cabinet and mosaic work, the next for construction under water, the next for dyeing or tanning, and the next might yield a balsam, a gum, a calking material, an imitation of sandalwood or fancy walking sticks and umbrella handles. Many of these woods are of iron-like hardness and will not float in water, which complicates lumbering, and on top of that the quest for rubber has made labor scarce and costly. Perhaps the greatest difficulty of all, however, has been inadequate seasoning, so that fine Brazilian woods worked up in the United States and Europe have cracked, checked and given trouble generally. Through improved drying kilns developed in the



United States the last few years, in which moisture added to the heat prevents the uneven drying common with dry heat, and the "case hardening" common with old-fashioned kilns, it is now possible to season such wood quickly and evenly for any purpose. The Brazilian hardwood industry has been struggling along for years under its difficulties. It needs large-scale production methods, backed by a distribution system which would make its wide variety of products known to manufacturers all over the world and supply what each customer wanted in variety, quality and form, to cut freight to the minimum.

What can be done with American lumber methods in Brazil's forests has already been demonstrated with soft wood, in the southern state of Parana. A big American sawmill has been installed, equipped with the latest devices, including moisture kilns. Parana pine was found to be so wet that it would not float, but it is snaked out on skidders, hauled to the mill by rail, kiln-dried and worked up into boards, timbers, box material and other products for home use and exportation. A thriving market is found in Uruguay and Argentina to the south.

#### ARTICLE XLI

### TAX GREED STRANGLER BRAZIL MANGANESE TRADE

RIO DE JANEIRO, Nov. 22.—

There was no war cloud on the horizon in September, 1913, when the United States Steel Corporation put the American flag on the ocean route between our own country and Brazil. The Stars and Stripes had not been seen on a steamer for twenty years in that quarter of the world. Americans were not worried about it. Foreign steamships gave us such splendid service! Why be sentimental about the flag? But James A. Farrell, president of the steel corporation, did not find foreign steamship service so splendiferous when it came to selling steel in Brazil. Countries furnishing the service were all selling steel themselves. Study of freight rates demonstrated that after we had effected economies in manufacture and were able to save the Brazilians some money on steel, they lost the saving and we lost our market through manipulation of steamship rates. So monthly steamships of the highest class were put on between New York and Rio de Janeiro.

Steel is a heavy, compact cargo, so bulk freight could be carried with it. The regular sailings immediately stimulated merchandise sales to Brazil.

The only problem was return cargo on the 5000-mile voyage home. To provide this cargo the corporation began hauling back Brazilian manganese ore, making its own ferro-manganese, the



SAO PAULO'S LEADING HOTEL, THE HEAD-QUARTERS OF THE U. S. TRADE SCOUTS

scavenger of steel. At that time our steel industry was also getting splendid ferro-manganese from Europe, and there seemed no reason for making it ourselves.

But when war came out of a clear sky and supplies of ferro-manganese were cut off by Europe and the material rose to several hundred dollars a ton, the wisdom of doing such things for ourselves was quickly seen. Had we not been able to get Brazilian manganese through this careful balance of steamship service with steel sales, bulk freight and ore, we should have been in a pretty pickle for munitions.

#### GREAT INDUSTRY DIED

WAR demand for manganese later brought a Philadelphia concern into the field—E. J. Lavino & Co., who make special alloys for the steel industry, and began bringing the ore from Brazil to Philadelphia in chartered ships through the International Ore Corporation, Ltd.

The Brazilians were delighted with this new market for their manganese. From small shipments, the traffic grew to 122,000 tons in 1913 and 532,000 tons in 1917, virtually all taken by the United States. Mines were worked in a larger way, new deposits opened up, and economical modern methods of mining developed under American engineers.

Then entered the complications of Brazilian state taxes. Back in the old Colonial days the distant king of Portugal got revenue out of Brazil by clapping heavy taxes on every enterprise that showed activity. The Brazilian states have done the same, pending their working out of a sounder local tax scheme. Most of the manganese is mined in the state of Minas Geraes. When the Ameri-

cans first came for ore this state imposed a reasonable export tax by valuing the stuff arbitrarily at \$12 a ton, and collecting 4 per cent on that—forty-eight cents. By 1917 the value had been raised to \$24 a ton, at 8 per cent, \$1.92 export fee. By armistice time there was talk of charging 25 per cent at \$25—\$6.25 per ton!

Railroad freight rates from the mines to the ocean were another item of expense that rose progressively. In 1913, with moderate cost coal, they were reasonable by Brazilian standards. But as coal grew scarce during the war they steadily rose. The railway bringing down manganese is a government line. It is heavily overmanned. Instead of encouraging manganese traffic growth by making lower rates for larger shipments, the tendency had been to increase rates as the business grew, though, without manganese, freight cars must be hauled back empty from the interior.

#### BUSINESS WENT TO INDIA

AT THE present writing 280,000 tons of manganese ore are lying on the docks in Rio de Janeiro because the United States can get the stuff from India for less than the Brazilian article costs laid down in New York, with its railroad and steamship freights, state and federal export taxes and other items. India's ore is being marketed under an arbitrary government ruling whereby returning ships are really used to valorize the mines and make them pay.

"Brazil can get into the manganese game again, and probably stay in," says an American student of the situation, "if she cuts down the export duties, runs the railroad with 3000 employees instead of 15,000, and quotes a freight rate that will encourage volume."

But that is only the first chapter in the story of Brazilian manganese under American development. The second chapter is written here for the first time and illustrates what American enterprise can find in a country so rich as Brazil:

About fifteen years ago J. Richmond Guimaraes, an American of Portuguese descent, went from Montclair, N. J., to the interior of Brazil and secured a concession from the state of Matto Grosso, more than 18,000 square miles in area—twice the size of New Jersey. This concession then lay in a section little explored. Colonel Roosevelt went through part of it on his Brazilian expedition. But it was known to be rich in rubber, which could be gathered and brought to market south on the river Paraguay, instead of north over the Amazon. The man from Montclair organized rubber crews and started exploration. He began to find other things. There was gold, for one, and water power in abundance, and a wilderness of ipecac back there in God's great outdoors



big enough to supply the world with emetics.

Development did not go very fast, because the territory was so enormous, and also because political disturbances in the state of Matto Grosso hampered the work.

About six years ago another American arrived in Brazil—Captain William Lowry, who had been sent down to manage the United States Steel Corporation's steamers at Rio de Janeiro. He quickly became interested in Mr. Guimaraes and his concession.

#### WORLD'S LARGEST DEPOSITS

THE man from Montclair is imaginative and enthusiastic, while Captain Lowry is a promoter in the constructive sense of the term. The man from Montclair would go back into the wilderness of his concession, exploring, charting, gathering information and specimens, and return to Rio de Janeiro full of wonder stories. In the intervals of his steamship business, Captain Lowry listened to Guimaraes, and to other people who brought him information, and sitting in Rio de Janeiro, began putting together a picture puzzle of unrelated facts—which is the promoter's distinctive job.

One of the first bits in the picture puzzle came in the form of manganese ore specimens. These had been found on a Belgian concession. Having never worked it, the Belgians had lost their rights, but Brazilian sympathy was averse to cancellation during the war. Some quiet negotiations led to the purchase of the Belgian rights and the formation of a mining and transportation company. Then some of the best mining engineers were sent in to investigate, and one manganese expert pronounced the deposit "probably the largest one mass body of manganese ore in the world."

This ore lies fully 1000 miles from the ocean by railroad, so that rail transportation would be prohibitive under Brazilian rates, although there is rail connection all the way except twenty-five miles. But a twenty-mile railroad from the mine to the Paraguay river would provide a water route to market—"a Pittsburgh-to-New Orleans proposition," as Captain Lowry puts it. Loading at Corumbá, ore could be floated down the rivers Paraguay, Parana and La Plata to Montevideo, and there

loaded on ocean steamers for the United States.

Those were war times, and manganese coming down from Minas Geraes to Rio de Janeiro, with the steamship business too, made work enough for a busy man. But looking ahead five years to see how he might possibly have to load his steamers with return cargo, Captain Lowry found the time and the money to fit another piece into his picture puzzle, building the railroad from the mine to the river. At the same time he had an engineer investigate and report upon river transportation from Corumbá to Montevideo. It was found that ore could be carried ten months in the year by steamer and barges for \$3 a ton, as against \$4 by railroad from Minas Geraes to Rio de Janeiro. Arrangements were made to lease steamers.

#### ANTHRACITE BEING SOUGHT

ONE day a strange Brazilian called on the captain with a story and a piece of coal. Coming down a little-known river on the Guimaraes concession in a canoe, he had found himself running through a gorge with black stuff cropping out on both sides. Stopping five minutes he knocked off a single specimen of this black stuff and brought it along. People told him it was coal, and he had heard that Captain Lowry was interested in coal. He left his specimen. A Brazilian chemist, after analysis, declared it anthracite of a quality so good that it could not have come from Brazil, but must have been taken from a steamship. The captain concluded that the Brazilian was perhaps a crank or a faker and forgot the incident until he suddenly discovered that this was another important piece in the picture puzzle.

Now, most minerals are concentrated by crushing the ore and effecting water separation. But not manganese, which is stubborn stuff, and must be smelted

out with coal or coke, or at a pinch, perhaps, water-power electricity. That single lump of coal became so important that the captain started looking for the strange Brazilian—and learned that in the meantime he had died.

Another engineer was sent off into the wilderness.

"Find that coal," directed the captain, "and bring me a ton of it—I want enough to work with."

At this writing the ton of coal has not yet materialized, but there is reason to believe that it will, providing not only fuel to concentrate manganese, but start a coal trade to Paraguay, Argentina and Uruguay.

#### ARTICLE XLII

#### PENSIONS AND PAYROLLS USE 80 P. C. OF REVENUE

RIO DE JANEIRO, Nov. 24.—The Brazilian republic is now thirty years old.

The other day the Brazilian people got virtually the first trial balance they have had since their republic was established.

This document took the form of a message to Congress—the first message of President Epitacio Pessoa, the Latin-American executive best known in the United States through his recent visit.

Doctor Pessoa reached Rio de Janeiro on the U. S. S. Idaho July 22, was inaugurated six days later, and six days after that sent to Congress a state document which, for its plain speaking, downright common sense and absence of graceful generalities, is something admittedly new in Brazilian statesmanship.

He talked to Brazil as a sober administrator to a young spendthrift.

In the last five years the country has run up a government deficit of more than \$250,000,000. Everything has been going out and not enough coming in.

Brazil's chief federal revenue is from import duties on goods, and these were cut down during the war. Instead of economizing, however, the government increased expenditures. Brazil's participation in the war cost something, but was money well invested for the prestige it gave her in the United States and Europe. But her chief burden has been an enormous increase in



AVENIDA TIRADENTES, THE MAIN PARKWAY AND CHIEF RESIDENTIAL STREET OF SAO PAULO



the number of government employes. Every government department has been adding assistants, many of whom do little real work. Federal job-making has gone such lengths that four-fifths of Brazil's revenue is spent for salaries and pensions, leaving only 20 per cent for the equipment of the army and navy, the maintenance and improvement of the government's railroad and steamship lines, and the purchase of department supplies. Each year during the war the growing deficit has been met by foreign and domestic loans in paper money. Twice during the war interest and payments upon the public debt were suspended. Yet only two months before Doctor Pessoa took office a large number of new employes were added to the federal payroll.

"You are not only a spendthrift," he said in effect, "but have been taking narcotics. You have given me the job of straightening you out, but you have got to help yourself."

### NATION IS IDEALISTIC

**T**HE Brazilians sat up and listened to "Epitacio," as they familiarly call him, and his first message was followed by others, a week apart, outlining the work to be done in other directions, such as the relief of the drought-stricken northern states, the reorganization of the bankrupt government steamship lines, the provision of a sound banking and credit system, the improvement of sanitation throughout the republic and other practical administrative measures.

Doctor Pessoa faces problems not unlike those that lay ahead of Doctor Wilson when he first took office, and an interesting comparison has been made between Brazil's president and our own.

"We are a practical people, and in President Wilson have had a leader who added idealism to our practicality," says an American living in Rio de Janeiro and intimately acquainted with Brazilian politics. "The Brazilians are idealistic, and in President Pessoa have a leader who adds much-needed practical common sense."

"Epitacio" is in several ways an entirely new type of executive for Brazil, and one upon whom center many hopes.

Born in 1865 in a little country town in Parahyba, one of the smallest states, he is a self-made man. He has risen

without means or influence. He worked his way through school and college, graduating in law. While only seventeen he was acting public prosecutor in Pernambuco, then held small judicial offices until elected to the Legislature in his own state. In 1899 he was made minister of justice in the national government, took an active part in reforming Brazil's civil code, and in 1912 rose to the Supreme Court. A year later he was elected to the federal Senate from his own state, and when sent abroad as Brazilian representative in the Peace Conference quickly demonstrated such ability that he was chosen for president under the system which prevails in Brazil—a system which, compared with our own, is somewhat peculiar.

Doctor Pessoa is a battery of energy.

From north to south Brazil is divided into three zones. In the central zone, which includes Rio de Janeiro and the wonderfully rich but undeveloped state

continent calling for development and a shortage of people to do the work, they have made government jobs for idlers by wholesale. In a country naturally agricultural, they have withdrawn labor to create manufacturing industries under protective tariffs so stiff that there is probably no other country in the world where prices of merchandise are so uniformly high—industrially they seem to have artificially speeded ahead of natural growth. When outside capital and energy are enlisted for development, they have given rich concessions and monopolies on any terms, but when actual developments begin, often stop it with a multitude of special federal and state taxes and restrictions. In neither politics nor business does the Brazilian take the direct road, but this is due more to lack of experience than any particular sophistry in the real Brazilian temperament.

"Epitacio" appears to be the man who will lead them out of the jungle, and there is reason to believe that the Brazilians are ready to follow a practical leader. Confident of his own ideas and ability, he is going to give Brazil what it has long lacked—an administration. Brazil ranged herself beside the Allies in the war, and then, for lack of a vigorous ruler, conservatively went to sleep and took no further steps. Through governmental indecision



RAILROAD TERMINAL AT SAO PAULO

of Minas Geraes, the climate is so favorable that the Brazilians there blame it for their lack of energy. In the cool states of the south and the hot drought-stricken little states of the north life is more difficult, and has developed energetic people. "Epitacio" is a little hustler from the north. He can be seen at seven every morning taking horseback exercise in the grounds of the presidential palace. Within a week after taking office his time for two months ahead was scheduled with work, conferences and investigations. Next to energy, his chief characteristics are plain common sense, belief in his own ideas, courage to carry them out and a disposition to decide and do all things for himself.

### NEW RULER IS PRACTICAL

**P**LAIN common sense has been decidedly scarce in Brazilian government. The Brazilians live in a perfect economic and political fairyland. With half a

the German ships in Brazilian harbors were not actually seized, so that complications arose later in the Peace Conference over their ownership, involving feeling against Brazil's idol, France. Through similar short-sightedness, shipments of Brazilian manganese ore, urgently needed for our munition making, were interfered with several months during the war crisis.

Doctor Pessoa is unmistakably a ruler. He has announced a practical policy of reconstruction and development. At this writing it remains to be seen whether Congress will back up his measures. His very confidence in himself and his partiality for doing things himself may lead to a test of strength between the executive and legislative powers. But out in the vast interior of the republic, where the plain country people live with realities, far from the artificialities of Rio de Janeiro, there is a strong national



common sense which will support "Epitacio," if he can enlist it.

### APATHETIC IN POLITICS

**T**HIS in itself is an almost superhuman task by reason of Brazil's undeveloped sense of political action and lack of responsive national public opinion.

Our popular presidential vote in 1916 was 18,500,000. At the same ratio Brazil should cast 4,500,000 votes for a president. Actually the total national vote in the last election was only 367,645, about equal to the voters in Wisconsin, Doctor Pessoa receiving 249,342 ballots and Dr. Ruy Barbosa, the only other candidate, 118,303.

The Brazilian president is not elected by popular vote. He is selected by the political bosses of virtually three states—Minas Geraes, Sao Paulo and Rio Grande do Sul—with a certain amount of influence from the states of Pernambuco, Bahia and Rio de Janeiro. Minas Geraes is the most thickly populated state in Brazil, with 3,500,000 people, but it is also the most conservative and backward in development. The previous Brazilian administration, which took one step in the war and then took no more, was representative of that state. Sao Paulo is the next most populous state with 2,500,000 people, and also the most energetic in Brazil—its capital city of the same

name, with its industries and railroads, is the Chicago of Latin America. Rio Grande do Sul, still farther in the cool south, with 1,200,000 population, a neighbor of energetic Uruguay, is also enterprising.

To show that the word "boss" does not mean in Brazil what it means to us an illustration may be taken from Rio Grande do Sul.

The French philosophy of positivism has taken such strong root in Brazil that its motto, "Order and Progress," is part of the Brazilian flag. Positivism deals with facts alone, and excludes inquiry into causes. Rio Grande do Sul is a stronghold of positivists, and has a positivist system of state government. It has also had the same state president during the last thirty years, the entire period of the republic, and been prosperous and well governed under him. This is the type of man who dominates the federal elections in Brazil and, while

by our political standards such a system seems to hold vast possibilities for abuse of power, in Brazil it has worked fairly well and is part of the country's growth into real self-government.

Brazil has no political parties. From time to time factions arise around some leader, but never grow into strong parties with definite programs. Voting is made difficult by poll fees amounting to ten or fifteen dollars, so that few citizens can afford the luxury. Recognizing this shortcoming, business organizations and merchants sometimes pay the poll fee for their employes, but ballot reform has not yet become a healthy political issue. Doctor Pessoa recognizes absence of political parties and smallness of the electorate as grave shortcomings, and has pledged himself to constructive reform. Obviously reform in the ballot and broader public opinion are to the advantage of the executive.

The most interesting thing about this

native to one of the "Big Three," it is conceded that he has the backing of all for the good of Brazil in any reasonable constructive program.

They selected him because Brazil needs a strong man to take hold and pull her out of difficulties.

And "Epitacio" lost no time in taking hold.

His first step was the appointment of a cabinet. In making his selections he broke several precedents. There was a delicately balanced cabinet inherited from the previous administration, and people wondered which of those ministers he would retain and how he would shift them about. He made an entirely new selection of his own, not one appointee having been previously mentioned in the press. The ministers of war and navy in Brazil have always been military men in the times of the republic. Against a general feeling that the appointment of civilians would cause dissatisfaction in

the army and navy, he appointed civilians to both portfolios and everybody likes the change. Young officers in both services were in favor of civilian ministers, but the older ones were not. The step was taken boldly but tactfully. Admiral Gomez Pereira, former minister of the navy, aided the president handsomely by stepping down to be chief of staff under a new minister, and the situation in the



GRAND OPERA HOUSE AT SAO PAULO

"boss" system in Brazilian politics just now is its selection of Epitacio Pessoa for president.

### A PRECEDENT BROKEN

**F**OR he does not come from one of the "Big Three" states, and this is the first time that a Brazilian president has come from any outside state. He does not even come from one of the "Little Three," nor is he finally a man who has domesticated himself in the Brazilian capital, thus gaining political influence. He comes from a state that is small, poor, with about half the population of the city of Rio de Janeiro, and no political influence at all. The Brazilian presidential election has been called a "selection." The "Big Three" selected "Epitacio" because they needed him, and because Brazil needs him, and because no other man stood out as he does, and while he lacks behind him, in case of dissension, the powerful influence of an executive

army was eased by keeping General Benton Rebeira as chief of staff.

The president of Brazil has several important appointments outside his cabinet—the directors of government steamship and railway lines, of the Bank of Brazil, and the mayor and chief of police of Rio de Janeiro. New men were appointed to all these posts and new policies laid down for some of them.

For nearly thirty years the Brazilian Lloyd steamship lines have been under government operation and ownership, and likewise a burden to the country. This is one of the few steamship enterprises in the world that could not make money during the war. Successive deficits have put it into bankruptcy, and for years there have been bitter complaints from passengers and shippers about its service on ocean, coastwise and river routes. Doctor Pessoa has suggested a new basis of operation, whereby government control and private enterprise will be combined



by forming a new corporation, with private business interests holding part of the stock and running the enterprise while the government owns the balance, with simple rights as a shareholder.

The Bank of Brazil has restricted capital, small rediscounting ability and no power to issue currency in a crisis on the lines of our federal reserve system. Brazil is where we were in banking matters during the crisis of 1907, and her business interests lost millions of dollars during the war simply because currency and credit were inflexible. A plan for correcting these shortcomings has been drawn up.

### DROUGHTS ARE PERIODIC

**P**ERIODICAL droughts in the northern states of Brazil—among others the president's own state of Parahyba—have caused such tragic suffering in addition to money loss that a far-reaching plan of irrigation was among the first things outlined by him in a message to Congress, under which large reservoirs and canals will be built with money borrowed on bonds and the improvement of that region ultimately made to repay the government.

Rio de Janeiro abounds in newspapers, many of which have drawn subsidies from the federal treasury for various political services. One of the new president's first steps was to cut off these subsidies—a step as bold as it was honest in view of the damage that might be done an administration by a hostile press.

Another step showing results of study in our own country was the suggestion to Congress of a heavy tax on alcoholic liquors.

Still another departure susceptible of interesting political interpretations was his attitude during a hot factional fight for the governorship of Pernambuco. Several factions were in the field, and the excitement boiled up into riots. This state is just south of the president's own state, and he has many relatives there. He was appealed to in the belief that he would come to the aid of his relatives, and asked to intervene with federal military forces. In one way such intervention could have been interpreted as merely keeping order, but in another way it might have amounted to taking sides with a given faction. "Epitacio" did not side with his cousins, and neither did he intervene with the army, and when this stand had been taken the trouble quickly bubbled down again.

Doctor Pessoa's honesty, ability, experience, character and patriotism are unquestioned, and his rise to power has aroused high hopes in other Latin-American countries.

In carrying out his policies he will enjoy a certain prestige accorded to the president of Brazil from the days of the empire. The deference paid to the executive reflects that formerly paid to the per-



son of the emperor and is found in no other Latin-American republic. When the president goes to the railway station for even a suburban trip, his whole cabinet goes to say a formal farewell, and receives him in the same way when he returns.

This is a definite advantage in carrying out policies, and if he also has the backing of Congress and the political powers in the influential states in putting through the constructive projects he has already outlined, there should be happy days ahead of Brazil—days of development and prosperity when the trial balances will show dividends.

### ARTICLE XLIII

#### THEFTS FROM SHIPMENTS TO BRAZIL ARE COMMON

**RIO DE JANEIRO, Nov. 26.**—

Somebody passed a counterfeit Brazilian bank note on an American in Rio de Janeiro.

"Never mind—I'll get rid of it," he said.

"Let me have it," said a friend who was with him. "I'll take it down to the American Bank Note Company's office and they'll give me its face value."

This was done, and the company was glad to buy a new counterfeit for study.

Pretty much all the paper money of Brazil is printed in the United States, and has been for many years, along with Brazilian postage and revenue stamps and Brazilian bonds. The purchase of counterfeits at face value simply illustrates the safeguards thrown around Brazilian money by this American company. Naturally, it would not buy all the counterfeits offered, but it is glad to buy samples, and where the counterfeit is especially good makes a detailed study by throwing an enlargement upon a screen, warns the banks and co-operates with the police authorities.

Latin America offers certain advantages to the counterfeiter because he can set up shop in one republic, make the money of another country and sell it to people who put it into circulation, so that he himself runs little of the risk. With the development of photographic reproduction methods counterfeiting has become easier than when engraving was



necessary and a counterfeiter spent weeks making one plate. But the industry fortunately has its disadvantages. The equipment required is elaborate and cannot be usually hidden, while it costs so much that a man with capital sufficient for counterfeiting might just as well go into some other industry.

### U. S. MAKES THEIR MONEY

**M**AKING money and postage stamps for the Latin-American countries is a large industry, with keen competition among American, British, French and Italian concerns, as well as government printing establishments in the Latin-American countries. The American company has been very successful in holding Brazil as a customer against cheaper work obtainable elsewhere, because its product offers better protection against counterfeiting. For one thing it prints money on the same paper that is used for our own currency. For another it relies upon fine steel engraving to put obstacles in the way of counterfeiters, whereas European printers rely more upon water marks and devices which American experience has shown inadequate. Added to these, there is a rigid system of counting and inspection in the company's New York plant, so that theft or loss of money through employees is very difficult. In fact, when Brazil buys her money of us she gets a first-rate article—as well made, durable and safe as our own.

Pilfering of merchandise from shipments going into Latin America has become so common recently that United States Consul General Raeblerle, at Rio de Janeiro, is taking steps to have American manufacturers "fiscalize" their shipments before they leave factories. These thefts occur in shipments from England and Europe as well as the United States, and investigation gives ground for suspecting that they are committed by well-organized gangs in Latin-American countries, and probably other gangs in countries from which shipments are made. Boxes arrive apparently intact, but with valuable goods missing, and replaced with bricks or stones wrapped in newspapers. Now these will be New York newspapers, and again those of the Latin-American port where goods are received. Goods checked and packed by trustworthy employees in the United States and delivered intact to steamship piers have been found short on arrival.

Again, goods intact on arrival have been pilfered after unloading. In still other instances losses have evidently occurred on steamers or in customs. Shortages are so common today that in Brazil, at least, the receipts for goods undergoing inspection in the customs house are so worded as to relieve the government of responsibility for shortages. By "fiscalizing" all shipments before they leave the factory, American manufac-



turers can assist in running down a widespread system of theft. Goods should be carefully checked and packed by responsible employees. There is good reason to believe that some pilfering is done in shipping rooms. If the shipper is certain that consignments leave his premises intact, that will eliminate some of the ground to be covered in tracing thefts, aid his customers abroad, and be evidence of his own skill and good faith in filling orders.

Quite a number of American business men, leaving suddenly for Brazil, have found that information about what to wear was hard to obtain in the United States, being one of the little details so simple that it is overlooked altogether. Consequently they arrived in Rio de Janeiro equipped for the tropics, but without an overcoat, or with heavy clothing, but short of light things.

#### CLIMATE IS VARIABLE

LEAVING the United States in summer, the lightest possible clothing will be needed through the tropics, and then light woolen suits after crossing the equator, changing to a warm winter suit in Rio de Janeiro, where the weather is then cool. Interior cities like Sao Paulo, in the mountains, make overcoats necessary and sometimes furs comfortable because hotels and houses are unheated. Leaving the United States in winter, heavy clothing is needed at the start, gradually changing to light wash suits in the Brazilian summer. Our Palm Beach suits are comfortable. The Brazilians wear even lighter suits of pongee silk. If a stop is made at Barbados, the traveler can take a tip from Yankee sea captains and have white linen wash suits made up—linen comes into Barbados free of duty, and tailors make clothes to measure almost overnight.

Many Brazilians, like Spaniards in the tropics, wear black wash suits instead of white, having evidently found through several centuries of experience that black turns the penetrating actinic sun rays which play such havoc with white people. For traveling in the interior a hammock and mosquito netting

are necessary for comfort, keeping one's own clean bed out of reach of the swarming insect life for which Brazil is famous. Evening clothes are widely used and should be taken. A morning coat and silk "topper" are often handy. Latin America is neither particularly wild nor particularly hot. Rough and ready clothes are needed for country travel, but people in the cities dress as formally as in London or Paris—much more so than ourselves. Even in the tropics one may quickly pass from sweltering heat to cool weather by climbing up the mountains to an interior capital, while along the west coast, with its cold Humboldt current and great altitudes, it is never safe to be without heavy underclothing or overcoat.



ONE OF SAO PAULO'S BUSIEST STREETS

#### FROM RUBBER TO CATTLE

THE Brazilian Government believes in advertising, and from time to time issues publications in English giving facts about the country. Before the war it had begun the publication of a book which appeared every two years, but war interfered with this volume, as it was printed in England, and "Brazil in 1913" was the last issue. For the United States there was recently published a handbook, entitled "What Brazil Buys and Sells," with general information about the country turned into dollars, tons and miles. Such publications are sent to newspapers and public officials, as well as distributed through Brazilian consuls.

Brazil has one consul in the United States just now who is doing a great

deal to make his country known in the right way. This is Sebastiao Sampaio, stationed in St. Louis. Writing and speaking to the corn belt, with its agricultural viewpoint, he puts Brazil before people in the plainest corn-belt terms, showing that this South American country, assumed to be so strange and far off, is turning from rubber and coffee to cattle raising and packing houses; that it is not a jungle, but an undeveloped corn belt waiting for farmers, and that, like every one-crop region in our own country, it needs diversified farming for permanent prosperity.

The American Chamber of Commerce in Rio de Janeiro has recently suggested that the Brazilian Government print a much larger edition of its next handbook

in English, and that this be distributed among business men in the United States through our widespread Chamber of Commerce organization. It is believed that such distribution by our own business men from our own business viewpoint would add greatly to the value of the book for both the Brazilians and ourselves. As a great many inquiries would be received from people seeking more information about Brazil, it is also suggested that our Chamber of Commerce in Brazil either answer these inquiries directly or cooperate with the government in

handling them, so that information be given with a knowledge of the United States as well as Brazil.

#### ARTICLE XLIV

#### HAMPERING WORLD TRADE THROUGH THE INCOME TAX

RIO DE JANEIRO, Nov. 29.—

Everybody agrees that we want more broad-gauge Americans of executive caliber in world markets.

An American of that character came home from Argentina, where he has been building business for his country. After a visit, starting back, he found that he needed an embarkation permit to get out of the United States. It was necessary to produce his income tax receipt. Having been abroad since the income tax



started, he had never made returns. Uncle Sam demanded \$12,000 to let him out of the country. By declaring his intention of becoming an Argentine citizen in New York he could have obtained his permit gratis. But he values his citizenship, and so wrote a \$12,000 check.

An Argentine lad in the employ of an American company on the southern continent came north when we entered the war, volunteered for the army, fought in a machine gun company at Chateau-Thierry and St. Mihiel and was mustered out in the United States last April. Returning to his sales territory, he found that Uncle Sam wanted income tax for the time he had spent in the United States, including his terms of service in the army, although he is an Argentine citizen.

In Rio de Janeiro there is a Spanish citizen connected with an American corporation who, largely through his own efforts, has made it very successful in Brazil. He has never been to the United States. Last year our government collected from him \$20,000 under the income tax regulations—not the basic law, but simply on a treasury ruling.

#### TOO MUCH RED TAPE

**A**N AMERICAN doing business in Argentina visited the United States, and when asked about income tax stated that he had paid faithfully, but had never been accorded the courtesy of a receipt. His payments had been made in his own southern state. Before he could leave the country it was necessary to make a personal visit to that state, at a cost of \$200 and the loss of several days' time, and also his steamship passage, because only a personal visit was effective in securing the necessary receipt—letters and telegrams brought no action from the revenue officials.

Other incidents of the same kind might be added, for they are occurring wherever Americans do business abroad. The subject is being discussed everywhere and is clearly one which must soon be taken up intelligently for settlement on a basis of simple justice and the elimination of government red tape or grave harm will be done to American world-trade interests.

Government red tape is the first outstanding handicap. Thousands upon thousands of Americans who pay their income tax both at home and abroad have never been given receipts. The writer knows by experience that nothing short of a personal visit to the office where income tax has been paid will secure the necessary receipt in reasonable time. Where the revenue office happens to be remote, all the expense and work of securing the receipt, like everything else connected with our income tax, is shifted to the citizen who pays, regardless of the value of his time or his business. Count-



ARREST OF BOLSHIEV IN  
RIO DE JANEIRO

less petty regulations crop up to hamper international business—an operation once so simple as depositing a bond coupon may now involve two or three months' wait and correspondence and perhaps a power of attorney if the bonds are in the United States and the owner in South America. Feeling on this subject is so strong in Latin America that organizations of American business men are taking steps to lay the matter before our government.

Then there is the question of expense. Thousands of American business men are now going abroad to establish our world-trade organization. Many of them are young fellows on moderate salaries who see the value of business experience abroad as training for earning capacity later in life. They count salary secondary, and rightly. But living expenses in other countries are usually higher than at home, and if one is married it takes close calculation and sometimes sacrifice. Income tax is not only an added expense, but perhaps represents money which would otherwise be invested in life insurance protection. With longer experience in income tax administration, Great Britain and France, realizing the value of their citizens building trade abroad, have provided exemptions.

#### LATIN AMERICA GETTING HABIT

**D**DOUBLE taxation is another phase of the subject. Many Americans abroad reside in countries where they must pay income tax, and even the Latin-

American countries are now considering the adoption of such taxes. One American in Argentina, in business for himself, after a prosperous year had to pay 64 per cent of his income to our government. Had there been an Argentine income tax he might have been compelled to pay more than 100 per cent of his income to both governments, as in the famous case of Mr. Astor, in England, whose taxes last year exceeded his income, and who was declared by a British Government official "simply unfortunate"!

Under our income tax as now administered Americans abroad are taxed without representation, because unable to vote during their absence from the country. However, in this case they are no worse off than thousands of traveling Americans at home who cannot vote simply because election day finds them at an inconvenient distance from the town pump. It will be remembered that there was rather a lively disturbance over taxation without representation from 1776 to 1783.

Federal income tax on Americans engaged in world trade is also discussed in terms of paying for something not actually delivered. If an American abroad owns property in the United States he enjoys direct government advantages, such as police protection, and should clearly pay for government service. But while our federal government renders some service to him while abroad, and perhaps protection in trouble, many who discuss the subject feel that less service is rendered, and that Americans abroad should be taxed less heavily, if at all.

Our income tax system does not yet work smoothly, nor with justice, and is often irritating in its regulation and administration. Viewed from another country, it appears to have been planned and to be applied entirely from the viewpoint of people at home. Blanks for making returns are often unobtainable at our consulates in other countries, and routine is complicated by distance. Yet should an American wish to leave another country nowadays, red tape is wound round him at our consulate or embassy, which will not issue a passport unless he can produce income tax receipts, which are probably weeks away in the mails, if they have been sent at all.

#### TAX METHODS DANGEROUS

**T**HERE is a real danger that, if good business methods are not applied to income tax administration, many of our world-trade interests will, like our merchant marine in pre-war days, be transferred to foreign flags by incorporation abroad; and in many cases transfer of citizenship to other countries is a distinct advantage.

World trade in most countries is carried on under grave handicaps of taxa-



tion and red tape. For instance, the American going to Brazil to represent one of our business houses on the spot, and finding that his company must be domesticated before it has a legal status, encounters the following expenses and routine:

Stamp tax for decree of authorization, \$75; \$2 tax per \$1000 on capital used in the business; \$20 registry tax for documents; expense of publishing documents in government journal; expense of officially translating documents; commission on temporary deposit of one-tenth of capital devoted to the business in Brazil in government bank; special yearly taxes by federal and state governments on the business, according to its character, upon rent paid for business premises, on salaries, signs and in other ways.

In Argentina likewise business expenses are increased and business facility hampered by many different taxes and regulations. One may be taxed \$25 a month by the municipality today as owner of the place where he does business, and pay again tomorrow as occupier of the premises, and if the government fails to send him a bill and he overlooks a certain tax on a certain date there will be a fine as well. A ten-cent sample of merchandise sent him from New York by parcel post may take several hours' time running between the postoffice and the customs house, and cost a couple of dollars for stamps on official documents. And so it goes day by day.

With taxes and tariffs and licenses and stamps and travel regulations the governments of the world during the last five years have intricately enmeshed the business man. Where there was one



government requirement before the war, there are now a dozen, and against one government official in the old days of business facility there are now two or three. Government officials everywhere seem to regard the business man as their particular prey. Government regulations are not made to fit business in terms of facility and service; on the contrary, business and the business man must be made to fit the regulations. In all countries it is difficult to do business at home, but when one goes abroad the complications multiply. The American engaged in world trade today is practically penalized and put at a disadvantage with his competitors of other countries by the inflexibility of laws and regulations administered wholly from the domestic viewpoint.

#### ARTICLE XLV

#### "GROPING" FOR BUSINESS IS ERROR OF EXPORTERS

RIO DE JANEIRO, Nov. 31.—A

corn-belt manufacturer dictated a circular letter one gloomy winter morning. Sales were as dull as the weather. Reading a trade journal article that pictured the possibilities for sales in other countries, he decided to branch out in Latin America. His letter was very short. It said he made powdered buttermilk; that he wondered if it could be

sold to Latin-American bakers; that he would like to know what kind of breads were baked in Argentina, Ecuador, Cuba and so on; likewise whether butter was made in those countries; likewise what was done with the buttermilk. He told Tilly, the stenographer, to get the atlas and send a copy of this letter to American chambers of commerce in each country.

When his letter reached the various chambers of commerce some weeks later they did various things, according to their facilities. Some put it on a bulletin board so members could see a powdered buttermilk manufacturer at home was seeking trade. Others published a brief reference in their bulletin. Still others may have had time to make personal inquiries about local baking methods.

The corn-belt manufacturer was groping dimly. Not understanding exactly what he wanted, his letter gave little information upon which to make a real investigation. When it reached commercial chambers of commerce secretaries or United States consuls abroad they had to grope, too.

There is much of this vague groping being done all the time in world markets. American export and import houses are constantly circularizing the world, seeking trade through form letters, and not even taking the trouble to mention the kind of trade they want to handle. American buyers of foreign products grope for new channels of supply in the same vague way. The collection man gropes. Writing to Rio de Janeiro he asks that somebody there run out to Manaus and get some money from a customer—he has heard that Manaus is in



PARADE OF BRAZILIAN TROOPS



Brazil, but does not know that it is on the Amazon, five weeks away. The advertising man gropes—some time ago an American automobile, was advertised in Rio de Janeiro newspapers, and customers were referred to the agent at Quito, Ecuador, which is as far from that capital as San Francisco from New York.

#### GROPING AT HOME AND ABROAD

**E**VERY Latin-American port has its stranded American salesmen, who have been sent out to get orders and left high and dry, without remittances, their cables and letters unanswered, their orders unheeded, pathetic victims of spasmodic groping at home—somebody warmed to world trade and then cooled, or one executive's initiative in sending a man abroad checkmated by another after he had sailed.

Even the curiosity seeker gropes, and Americans abroad receive letters from the lady who is to read a paper on Argentina next week at the Woman's Club, and writes to Buenos Aires for information, her letter arriving a month after the meeting. Perhaps the prize for groping might be awarded to Uncle Sam himself, who during the war cabled to Rio de Janeiro that no ship must leave a port in Brazil until the naval attache there could compare its passenger list with his list of enemy suspects—which would mean that a ship at Para must wait a week until he could get there, and a ship in Santos perhaps three months while he went up to Manaus and returned.

One organization of American business men abroad is now taking steps to deal with this groping in a constructive way, sifting out from every hundred vague inquiries the one which looks like business and putting under it a solid business foundation. This is the American Chamber of Commerce for Brazil, established in 1916 at Rio de Janeiro, the first organization of its kind on the southern continent, and the plan is being worked out by Paul C. Trimble, its manager, who has had twelve years' experience in Uncle Sam's consular service.

When an inquiry about the market for powdered buttermilk is received, for example, an effort will be made to give the inquiring manufacturer a definite picture of possibilities, provided he has been fairly definite in seeking information. A visit to two or three local bakers would show that they use fresh buttermilk from the creameries in the neighboring state of Minas Geraes, where dairying and butter making are established industries. Costs and qualities will be ascertained, as well as opinions concerning the substitution of powdered buttermilk. Then the manufacturer at home will be advised to take further steps if he believes his product can com-



pete in price or has advantages in quality and convenience.

This picture of possibilities will be made definite for two reasons—to give him something concrete upon which to work if he really means business, and to forestall further groping if his inquiry was idle.

#### WORK AND TIME REQUIRED

**I**N SUCH a case he will probably be told that if price or other considerations seem to make the Brazilian market feasible, he must put into the project an honest contribution of money, time and teamwork. Samples of his product should be forwarded to Rio de Janeiro for test by two or three of the leading bakers. These tests, supervised by the Chamber of Commerce or an import representative, will involve some outlay, which he should pay. If the bakers like his stuff, then a local selling agent can be found. This agent will require a stock of goods and a decent appropriation for sales work and advertising. Probably methods of advertising can be suggested, such as circulars to bakers, samples, personal visits and demonstrations—the outlay for such work may not be great, but will be necessary. The manufacturer will be shown that time is also needed—he cannot expect sales in any volume for a year or more, and during that period must hang on with determination, make regular shipments of goods and take hold of the undeveloped Brazilian demand as he would take hold of Omaha or Atlanta. If he has merely hoped to get a few chance world-trade bites through circulars, at no cost or trouble, he will drop out long before this stage is reached, and American trade abroad will be better for his defection. But if he really sticks, and puts money, time and teamwork into the product, there is probably a place for him in world markets, and his fellow-Americans in Brazil want to help him occupy it.

Another illustration: A wholesale house in the Mississippi valley writes to ask how it can make direct purchases in Brazil of rubber, coffee, hides and skins, beeswax and Brazil nuts. Hardly any information is given concerning its present purchasing methods or the volume of business handled. This may be merely an inquiry from some inland merchant who thinks it possible to secure Brazilian products direct at a saving over purchases through established importers from whom he has been buying. Or on the other hand he may be an importer, buying from other countries and now

seeking Brazilian connections. Perhaps he is just groping, and a definite picture will stop him. But if he handles volume and means business, the same picture will furnish a basis for action.

#### MARKET ENTRANCE NOT EASY

**I**N THIS case the picture will be decidedly composite. The purchase of rubber cannot be recommended, because it is organized in volume by big American manufacturing interests. Coffee offers opportunities only to those who can purchase shiploads. Hides and skins offer some opportunities, but are also well organized. Brazil nuts, beeswax and the similar specialties of Brazil may be secured in moderate quantities through good representatives.

The Mississippi valley wholesaler will need, first of all, good facilities in New York or New Orleans for importing produce. He must also have representation in Brazil at two points at least—Para for Brazil nuts and goat skins and Rio de Janeiro for hides, coffee and beeswax. Representation at Para, Rio de Janeiro, Sao Paulo and Porto Alegre would cover the territory better.

Really his competition in buying is much stiffer than would be the case were he seeking to sell manufactured goods in Brazil. Therefore, his Brazilian representatives must be capable and trustworthy. It is not possible to select them at a distance, nor through any one living in Brazil. Setting up his buying machinery necessitates sending a competent representative to visit the country. Railroad and steamship expenses for this representative will amount to fully \$1000, and six weeks' traveling in Brazil, at \$250 to \$400 weekly, including the salary of a capable man, would bring the cost up to approximately \$3000. With a picture like that, composed of facts and figures, such an inquirer would no longer grope. Knowing exactly the cost, both of going further with the deal or staying out, he could intelligently do one thing or the other.

In our solicitude for world trade the past few years there has been a tendency to make entrance into distant markets appear simple and easy; so much so that thousands of American business men, looking upon world trade as a convenient outlet to be secured without much trouble, have been set groping. Taking the viewpoint that there can be no half-way measures in real world trade, our Chamber of Commerce in Rio de Janeiro means to help business men at home crystallize this world-trade proposition.

#### ARTICLE XLVI

#### BRAZIL AN ALADDIN'S LAMP GIVING WEALTH FOR A RUB

**R**IO DE JANEIRO, Dec. 2.—Do you remember the messy shoe "blacking" of your boyhood?

How much better the shoe polishes



of today—clean, smooth, resplendent and almost waterproof.

Every time your shoes are polished nowadays you use a product of Brazil—carnauba wax. The carnauba palm is regarded as a gift of Providence in the Amazon states of Brazil, because it grows by thousands along the rivers and furnishes a money crop for the people. The wax is gathered from a powder, shaken out of the leaves of this palm from September to March, 1000 leaves yielding an "arroba," or about thirty pounds of wax. Originally carnauba wax was used by the Brazilians themselves to make candles, but for sixty years manufacturers all over the world have been discovering new industrial applications. It is a substitute for resin in soap making, yields picric acid for explosives, makes a good polish for furniture as well as shoes, a good varnish and a tasteless, aseptic ingredient in ointment and pills.

The improvement in shoe polish effected through study and adaptation of this product is an illustration of what may be done with the riches of Brazil when your factory chemist, engineer, designer and purchasing agent take hold. The carnauba palm contains other dormant industries—the sap yields sugar, the stem starch, the roots have pharmaceutical properties, the fibers make cordage and the wood is decay and insect proof.

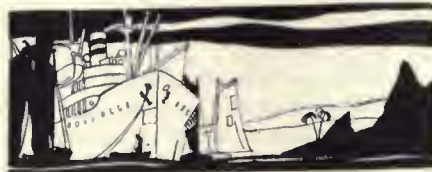
Brazil is not merely a wonderland of undeveloped resources, but probably the greatest storehouse of diversified wealth on our globe. It is an Aladdin's lamp which has apparently only to be rubbed to yield whatever humanity happens to want.

#### ENDLESS CHAIN OF WEALTH

**P**ROBABLY your chief interest in Brazil has been along the line of selling your goods there.

But Brazil is of far greater practical business interest if you look at it from the standpoint of raw materials. What does it hold which will make your factory products cheaper, better, more attractive and salable? Brazil needs markets to develop her resources, and we need more tonnage for our ships on return voyages. If your stuff is to compete in the Brazilian market, don't let the sales department monopolize Brazil—put the purchasing agent and your technical men on the job.

Just look at the country on the map. You will see that Brazil is not simply big, but that it extends over a greater stretch of latitude than any other single country in the world—from four degrees north of the equator to thirty-three degrees south. In terms of our own country that means from Atlanta, Georgia, to the middle of Ecuador, with land all the way, rich land growing cold-



weather crops by latitude, and also altitude on mountain slopes, and running from wheat and wool right down to tropical products which grow themselves and have only to be harvested. On this soil are great impenetrable forests, and beneath the soil mineral resources of inconceivable diversity and richness.

For 350 years puny man has been living on the eastern fringe of this country, gathering such things as from time to time had market value, leaving the interior hardly explored, much less developed. From time to time the market demands change, but it has only been necessary to begin gathering out of the inexhaustible storehouse something else that the world wanted.

At first it was sugar, raised along the coast with Indian slaves, and for a hundred years Brazil, beyond the coast range, was an unexplored land of cannibals, dwarfs, two-headed giants and myths generally. The need for more slaves led to expeditions, when gold and diamonds were found, along with other things.

#### THE BIRTH OF RUBBER

**F**OR instance, a queer kind of pot was used by Indians on the Amazon, made from the milk of a tree. Taken to Europe, it was learned that a chunk of this pot rubbed pencil marks off paper, so it was called "rubber." Then an American named Goodyear, one of the grandfathers of industrial chemistry, found out how to turn rubber into overshoes and raincoats, and Brazil found a ready market for the stuff on a small scale. Then the automobile and the rubber tire created Detroit and Akron, and demand outgrew Brazil's supply, and the plantation rubber of the East Indies furnished the required volume, largely because Brazil was too rich in other raw materials to boost the supply up to the demand.

By that time Brazil was growing rich in the south, rubbing Aladdin's lamp for coffee. Rubbed too hard, the lamp yielded more coffee than the world could drink at profitable prices. So Brazil turned to beef and beans, cotton and corn, manganese and monazite sand. With each turn of world demand and production she rubs the lamp elsewhere, and her genie appears, instant and obedient, and wealth comes in some other form—so easily that it has been a handicap in the development of the country.

Other nations have rubbed the lamp, too, and will again. The genie is particularly benign to deserving individuals

like the American, Charles Goodyear, who first vulcanized rubber, and the Englishman, Henry Wickham, who carried 70,000 rubber seeds from Brazil to London, raised seedlings, and established the plantation rubber industry in Ceylon.

California rubbed the lamp and got oranges. For virtually all the oranges grown in that state are descendants of a single wild tree in the Brazilian state of Bahia. California with its 60,000 cars of oranges yearly can now teach Brazil many useful things about the fruit business. For while Brazil abounds in delicious fruits, little attention has been given to systematic marketing, so that things grown in the suburbs of Rio de Janeiro cost as much, or maybe twice and three times as much, as New York pays for oranges from California, grapefruit from Porto Rico and bananas from Central America.

#### GREAT VEGETABLE OIL WEALTH

**A**GAIN and again our own industries have been modified by something found growing wild in Brazil, or dug out of the ground, or grown by the easy Brazilian farming method—Yankees say that the Brazilian farmer need only throw seed into the air, and when it comes down his crop is ready, and actually beans, cotton, corn and bananas are found all growing together in the same field.

Cotton has made our southern states rich and given us almost a world monopoly. It is believed that the finest varieties of cotton we grow, including Sea Island and also the Egyptian, were originally found in Brazil.

Just the other day we sent some American doctors to Brazil to fight hookworm. They went to work curing people by doses of thymol oil, which happened to be too expensive, considering the vast work to be done. But oil of chenopodium is just as good, and the Brazilian countryside is full of chenopodium, growing wild, along with countless other drug plants.

In the florist's window you see orchids, and by the price might conclude that somebody has built a profitable industry in these flowers. Another chapter in the past of Brazil—though they are now an expensive staple everywhere, Brazil was a source of orchids during the years when people were learning to transplant and grow them in cool countries.

"Brazil, where the nuts come from," was a catchline in a popular farce of the days when shoes were blacked instead of polished—who remembers "Charlie's Aunt"?

The nuts are still there in Brazil. Amazon rubber is down just now, but "nigger toes" are bringing record prices, and the people gather those instead. However, they are probably a minor specialty compared with the oil nuts and



seeds that abound in the same sections of Brazil, and which await the investigation of men like those who developed our cottonseed oil industry. Turn such a man loose in tropical Brazil with some crushing machinery and he should be as happy as a youngster with a new toy. Brazil's wealth in vegetable oil is so great that only the handiest things have been developed. Between Bahia and the Amazon she has 100,000,000 cocoanut trees each producing from 100 to 300 nuts yearly. The world's appetite for vegetable oils is growing enormously—our own importations of copra, or dried cocoanut meat, increased ten-fold during the war. The Philippines lead in copra production, but as against 500,000,000 pounds a year which we import from our Pacific territory cocoanut trees of Brazil would yield 5,000,000,000 pounds. Little copra is made in Brazil, none exported, and a ripe cocoanut costs as much in Rio de Janeiro as it would in New York. Then there are other neglected vegetable oil resources on a smaller scale, such as the "pinnao de purga," or purging seed, a Brazilian hedge plant, the seed of which is taken as a cathartic and yields an oil good for dressing wounds and also for illuminating and industrial purposes.

#### GUTTA PERCHA SUBSTITUTE

THERE are fashions in furniture. The black walnut and rosewood of your boyhood were replaced by mahogany, and that by quartered oak, and that by Circassian walnut, and so on. Fashions in furniture are the life of great American industries. In the hardwood forests of Brazil you can find future furniture fashions, along with railroad ties resistant to insects and decay—some of the railroads in northern Brazil run over ties of rosewood, selected because that wood is abundant, lasts for years and has not yet had its market organized abroad.

John Bull has a potential monopoly in ocean cable service just now because gutta percha is the chief insulating substance for ocean cable and comes entirely from the British East Indies—and is constantly getting scarcer. In its "balata" Brazil has a variety of rubber that

promises to be the only perfected substitute for gutta percha.

The list might be lengthened with the pillow lacemakers of the northern states, who are capable of being organized like the cottage workers of Europe; the starch and other such common Brazilian crops as the mandioca, which yields tapioca; the abundant water-power of Brazil; her iron deposits, and what not.

#### ARTICLE XLVII

#### SAO PAULO IS BECOMING A CHICAGO COUNTERPART

SAO PAULO, Dec. 5.—When the contractors got ready to buy 5,000,000 bricks for the new Armour meat-packing plant now under construction in Sao Paulo, the Brazilian brick makers threw up their hands in astonishment.

"But, senhor!" they said, "there are

2500 sheep in a ten-hour day, with freezing, cold storage and loading capacity to put a shipload of meat (12,000 carcasses) over the mountains to Santos in about forty-eight hours.

Sao Paulo is used to big things, because it makes millions of yards of cloth and pairs of shoes in its factories. But this is easily the biggest enterprise that has come to Brazil's Chicago, and the large-handed Chicago way of ordering brick and planning capacity is new.

#### BRAZILIANS GOOD WORKERS

ONE amusing story shows that the Brazilians have enterprise of their own and can dispense with patronage from us. About the oldest problem of the contractor is to get bricks to the top of a wall. Pharaoh was up against it in building the pyramids. Yankee contractors have contrived many slick mechanical devices since the days of the Irish-

man and the hod. They brought the latest with them to Sao Paulo and found that the Brazilians played baseball with bricks faster than any machinery could handle them. The game is played by two or six men, according to the height of the wall under construction. A batsman on the ground catches a brick on a wooden paddle, tosses it to first base, it flies to the next man above, and the team keeps bricks moving faster than one per second,

and nobody ever saw a brick muffed. The Brazilians are also splendid trowelmen on concrete work and fine carpenters, and the American contractors find that they take readily to our methods of pushing a big job by teamwork.

Some people believe that Mr. Armour is building this plant on misinformation. They do not see where the cattle, hogs and sheep to keep it going can be found in Brazil, and so assume that some optimist must have investigated superficially and sent him too rosy a picture of the possibilities. But others fully believe that, despite its large capacity and its great overhead costs, it will be running full tilt within a reasonable time after opening.

The Brazilians have even spread among themselves a rumor that all this "frigorifico business" threatens to depopulate their country of its cattle.



RESTAURANT IN RIO. CHIEFLY PATRONIZED BY MEMBERS OF THE AMERICAN COLONY

not that many bricks in the world."

And when persuaded that such an infinity of bricks could be made, they asked a higher price because they would have to make so many—it was going to be a lot of trouble.

When this plant is done and running in the summer of 1920 it will be the largest individual meat-packing plant in South America, and it will also be a typical piece of Chicago, U. S. A., set down in the Chicago of South America.

Our Chicago will meet its Latin-American counterpart not merely on a basis of bricks but of enterprise.

Just now the bricks loom largest—there are more than 12,000,000 going into the plant all told, with 60,000 barrels of cement, 3500 tons of structural steel, 8,000,000 feet of lumber, 500,000 pounds of nails, 30,000 panes of glass, and so on. There will be capacity for handling 1600 cattle, 6000 hogs and



There is not much fear of that, for Brazil has 30,000,000 head of cattle, 20,000,000 head of hogs and 10,000,000 sheep, standing fourth on beef in the world. India is first, the United States second, Russia third and Argentina fifth.

It is not a question of quantity but of quality.

### EXPORTS OF MEAT

UNTIL the European war Brazil had never exported a pound of fresh meat. She was a meat-producing country, with enormous home consumption. The Brazilian farmer eats vast quantities of fresh pork, and people in Brazilian cities re-enforce their rice and black beans with "xarque," or dried beef. This is prepared far in the interior by slaughtering range cattle, cutting the meat into strips, drying it in the sun and shipping the coarse, fly-blown product to market in bales. Some of this xarque is exported—the Cubans and West Indians are fond of it also. But Brazil's requirements have been so great that xarque has often been imported from Argentina, Paraguay and Uruguay.

It was a red-letter day for Brazil when, in November, 1914, a single ton of fresh chilled beef was exported to Europe. The following year exports grew to 8500 tons, and this year, the shipment will exceed 100,000 tons, with five meat-packing concerns producing from Sao Paulo down to the borders of Paraguay and Uruguay and four more building—a \$10,000,000 investment virtually all American.

This investment by Chicago packers shows their belief that Brazilian farmers will effect the improvements in cattle breeding necessary to supply fresh beef meeting the requirements of hungry Europe, where war depletion of herds has set up an unprecedented demand. Also that they will improve their hogs and sheep and greatly multiply the number.

The quality of Brazilian cattle is inferior from the fresh beef standpoint because standard European and American breeds have been almost unknown. The Brazilian "beef critter" is a cross

between the zebu, or humped sacred cow of India, and the acaracu of Brazilian type, which is believed to be the result of crossing between two kinds of native cattle from Portugal. Intermixed from time to time during colonial days was the blood of various types from Spain and China with some Dutch cattle for milking purposes. Turned wild on great ranges, these animals proved entirely satisfactory for xarque, and also developed a resistance to pests and diseases which must be incorporated into improved beef types if they are to prove profitable in Brazil.

For the country has more than its share of cattle pests. There is foot and mouth disease always, along with anthrax. The cattle tick takes its toll and a pest known as the bernie fly per-

the necessary foundation for breeding up Brazilian beef types which will yield 60 per cent of first-class meat against 35 per cent for the Brazilian native.

The big question is, "How to do it?"

There are various opinions about that. Some of the Brazilian ranchers believe that our shorthorns and herefords and the beef breeds of Europe must be crossed either with the zebu or the acaracu, while others maintain that satisfactory beef types can be built up from the zebu or the acaracu alone by scientific selection. The American packers have sent their best breeding experts to Brazil to assist, undertaking breeding experiments of their own on "fazendas" which they have purchased and stocked. What sort of opinion one gets about this business of creating beef cattle for Brazil depends

upon whom one talks with, as with all farm matters. But the very diversity of opinion and experiment shows that the job is being tackled along broad lines, and already there have been actual results in the production of good beef animals by both the Brazilians and the Americans working each in their own way.

### PACKERS' TRANSPORT METHODS

OUT of this discussion and Brazil's determination to stabilize her coffee and livestock will come not only resistant breeds of animals,

but a basis for cleaning up the pests that hamper the industry. The destructive bernie fly usually disappears when underbrush is burned away, the tick can be eliminated by dipping and starvation, and most cattle diseases gotten rid of through general measures such as we use in stamping out foot-and-mouth disease. Altogether, it's a matter of agricultural education.

The Brazilian pig has been largely of the razorback type, grown for local use and valued for his ability to forage for himself. He runs to lard and bacon and is deficient in ham. Duroc Jerseys and Poland Chinas thrive in Brazil, and will increase as fast as export demand makes a stable market at the packing houses. American packers are importing well-bred animals for sale to Brazilian farm-



BOATING A POPULAR SPORT

forates and spoils 50 per cent of a Brazilian cattle hide.

### IMPROVING CATTLE STANDARD

THE Hindu zebu, through ages of existence in India, has become wonderfully resistant to tropical pests. Found in nearly all warm countries, it is used for farm work and freighting as well as for meat. It has a patience and long suffering truly Buddhist. The Latin-American peon, accustomed to kicking his zebu ox on the nose when he wants it to hustle, is much astonished when he first meets a shorthorn bull from the United States—one kick and he immediately becomes an aviator. The Brazilian acaracu is also noted for its resistance to pests and diseases, and these two breeds, thoroughly acclimatized, furnish





NATIONAL MUSEUM AT RIO DE JANEIRO

ers and some of the Brazilian states are distributing boars and establishing breeding farms.

Sheep raising is still in its experimental stage, but it has been demonstrated that both mutton and wool can be raised over large areas of the country. Frozen mutton finds a ready market abroad, and Sao Paulo's woolen mills will take all the wool produced, because the home production still requires considerable import of that fiber.

When the Chicago packers went out on to the open prairie at home and began developing a national meat business with the rough-range cattle from our West, they started an industry that had to be built from both ends—improved methods in the packing house and improved livestock in the country.

The technique of the industry has been perfected so minutely that in the first year after our packers bought a co-operative farmers' packing house in South America they made \$250,000 out of a single waste material which the South Americans had been paying to have hauled away.

Chicago is transporting this industry bodily to Brazil, with all its technique, from chilled beef sides to sausage, soap and sandpaper.

In Sao Paulo they are likewise setting up shop far outside the city.

But when they get going, Sao Paulo, like Chicago, will unquestionably grow out to them and far beyond.

#### ARTICLE XLVIII

#### SPECULATIVE "KICK" BEING TAKEN FROM COFFEE CROP

SAO PAULO, Dec. 7.—One day last summer the first silo in Brazil was completed. The president and ministry of the state of Sao Paulo took a day off and journeyed up into the country to dedicate it. Had some Brazilian planter added 10,000,000 more coffee trees to the state resources they would have considered it no more notable than a thousand new silos to the governor of Indiana. But if Indiana suddenly discovered that it could grow coffee, you can see the governor planting the first tree on a big fazenda, and that is the way the Brazilians felt about their first silo.

Experts disagree as to whether coffee has any kick as a beverage.

Brazilians are unanimously of the opinion that it has a "kick" as a crop—a morning-after effect like the kick of a mule.

Once upon a time they believed otherwise, and said, "O cafe dara para tudo"—coffee will suffice for everything. But now they know better, for coffee has made Brazil a one-crop country in the south, just as rubber made it a one-crop country in the north. Single crop-

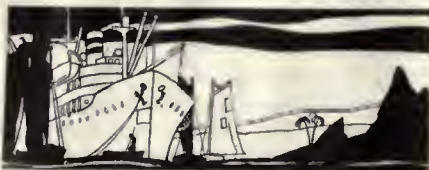
ping anywhere usually runs into speculative tipsiness, and now the Brazilians are ready to sober up and diversify their farming.

In the grocery store coffee has always borne strange foreign names—Java, Mocha, Bahia and the like. Probably you have not noticed these names change, but in your grandfather's time Pernambuco and Bahia were favorites, and in father's time Rio, while today Santos is the most familiar term. These are simply names of Brazilian ports through which coffee has been shipped from generation to generation as the coffee soils of Brazil became exhausted through single cropping—not a bag of coffee is grown in Santos itself, but many a bag of coffee shipped through that port turns up in the world's grocery store under some other name, because Sao Paulo produces half the world's supply.

#### COFFEE PRICE MAY DOUBLE

COFFEE grows on small trees, in a cherry-like berry containing one to three beans. It is not altogether a tropical crop, but has to be shaded in hot countries. But it is tender to frost. Sao Paulo's uplands are warm enough to grow coffee, with the possibility of damaging frost about once in ten years, and cool enough to grow it without shade.

Coffee exhausts the soil in periods of twelve to forty years. When the trees no longer bore profitably Brazilian plants in the past moved on to virgin soil, leaving deserted lands behind them. Now they have reached the southern limit for





coffee growing, although there is some room still to grow west and north.

Another handicap has been the peculiar Brazilian labor system. When the planter could no longer buy slaves in large numbers to tend the trees and pick the berries he sent over to Portugal and Italy, bringing in peasants to do the work. Instead of being settled on land of their own, these peasants were allotted tracts of land to clear and farm in general crops on the condition that they planted coffee at the same time. When the coffee came into bearing, at the end of five years, the land was turned back to the owner and another virgin tract assigned, perhaps to the same laborer or to a new arrival, if the former went home to live at ease on his fortune of \$5000 or \$10,000. Thus Brazil lacked real settlers, and the big fazendas grew bigger. The owners could not check their growth, in fact, and presently Brazil was producing more coffee than the world could drink—and the fazendas went on growing.

Then the world's markets began to go to pieces. The state government of Sao Paulo, backed by the federal government and a syndicate of capitalists, went into the famous "valorization" scheme, whereby the state bought the coffee from the planters and fed it out to the world so that prices were maintained. But coffee began to accumulate in Brazil until it seemed certain three years ago that valorization would result in the loss of millions of dollars. A speculative crop never ceases to be speculative, however. Nature suddenly intervened with a frost in June, 1918, cutting the Sao Paulo crop square in half, giving a three-year breathing spell for market recovery. Brazil sold her accumulations at a profit of several million dollars, and for the next three years the world may have to pay from half to twice as much per month for its morning beverage.

The state of Sao Paulo is not going to dawdle away that breathing spell from now to 1922!

It has put its Department of Agriculture to work, re-enforcing it with agricultural specialists from Washington, and started movements for diversification along half a dozen lines.



#### DIVERSIFYING AGRICULTURE

PROBABLY the most interesting of all is the possibility of taking the "kick" out of coffee itself, agriculturally speaking. "Why should coffee exhaust soil?" the experts have asked themselves, and are seeking the answer. Plants take nitrogen, phosphorus, potash, lime and other chemicals from soil. Coffee hates lime, and Sao Paulo is so deficient in lime that poor teeth make it a fine field for the dentist—so it can't be lime. Brazilian soils are rich in potash, the most expensive fertilizing ingredient. If it is phosphorus that coffee eats up, then it may be bought in bags and fed to the trees; and if it is nitrogen that can be secured by planting legumes between the trees and plowing them under. Experiments on old coffee lands that have been lying fallow for fifty years in the north demonstrate that they will grow coffee again. So, maybe, there is a long rotation whereby coffee can be grown fifteen or twenty years, then replaced by other crops that restore the soil, and coffee planted again in five or ten years. The whole subject is a fertile field for scientific investigation.

Secondly, Brazil can grow cotton for her own textile mills as well as export, and cotton is a crop strikingly like coffee from the standpoint of cultivation and picking. The experts have advocated its planting between the rows of coffee trees and to replace frosted coffee while the latter is coming back. The cotton seems to feed much like coffee, and now the experts advocate keeping them separate.

Cattle and livestock, with modern packing plants that ship chilled meat abroad, are the biggest field of diversification, and Sao Paulo had got into them on a large scale before the frost came, stimulated by war demand for meat and the top-heavy coffee situation. Up in the neighboring states of Minas Geraes, Goyaz and Matto Grosso there are great cattle ranges unfit for intensive farming, while Sao Paulo itself, with corn, alfalfa, by-products from its packing industry and meal from its cotton seed, could finish range animals for market.

Like our own South, with its devotion to cotton, Brazil has not been feeding itself. Wheat and flour are still being imported. But wheat can be grown in nearby states—Goyaz, Parana, Matto Grosso—and determined efforts are made to grow it and bake Brazil's bread at home. Rice and beans are great dishes in Brazil, both imported from other countries until the war, when Brazil turned to these crops and now exports both—we bought army beans from her during the war.

Better farming of all kinds will help the situation.

#### MODERN IMPLEMENTS ACCEPTED

EVEN in enterprising Sao Paulo state you can ride through the country and see the Brazilian farmhand whacking away at the soil with a crude implement like that used by "The Man With the Hoe." He whacks the soil over instead of plowing, whacks the seed in with no regard for straight rows that might be cultivated with horses, and later, when perhaps one hill in six materializes, whacks away the weeds. The Sao Paulo Department of Agriculture experts have lately been out to study the "man with the hoe," to see who bent back his brow, and they find that it isn't bent at all, but is a perfectly normal brow, with a large capacity for knowledge about better farming methods.

One of the most famous farming centers in Brazil is the colony of Americans who left our southern states after the Civil War because they wanted to live where slavery was tolerated. They have been farming with modern implements all these years, and wherever the Brazilian farms round about them you will find him



MR. AND MRS. JAMES H. COLLINS AFTER A FLIGHT AT THE NAVAL AVIATION SCHOOL



working with good plows and cultivators, too, and planting his crops in straight rows and putting the old horse through them when the weeds spring up.

Only two things have hampered machine farming in Brazil. One is the lack of practical examples and the other the high cost of farm implements. The Department of Agriculture of Sao Paulo state is giving practical demonstrations to farmers in the fields, and may ultimately adopt something like our system of county agents, whereby a farm expert lives with the farmers from day to day, helping them increase production and meet pests and emergencies. High cost of farm machinery is usually attributed to Brazilian tariff duties, but the agricultural experts maintain that duties are moderate compared with distribution costs and dealers' profits, particularly on farm implements and machinery from the United States. One specific illustration was given—that of an American tractor which is sold in Brazil at twice the price asked in the United States, and with margins of profit to the local dealer so generous that resentment is being aroused—for the Brazilian farmer has a long head. Such higher prices are probably due to the higher cost of distribution on the smaller volume of Brazilian purchases, but there is no good reason why our manufacturers might not conduct a five-year campaign to get implements on to Brazilian farms, increasing the volume by practical missionary work. The Sao Paulo experts say that European manufacturers are keenly interested in the new agriculture toward which Brazil is working, and that an Italian concern is offering a tractor on the lines of the American machine mentioned above, with more power, greater mechanical strength and finish and at a lower price.

Brazil is bound to diversify her farming and stabilize her prosperity.

If we don't help her, somebody else will!

#### ARTICLE XLIX

#### BRAZIL KEEN FOR HONEST NEWS FROM UNITED STATES

**RIO DE JANEIRO, Dec. 9.**—Suppose you had two neighbors, one a pretty girl and the other a hated rival. Suppose your hated rival alone talked about you every day to the pretty girl, telling her what sort of a fellow he thought you were, and you never spoke up for yourself. Where would you stand with her?

South America is the pretty girl, Europe the hated rival and the United States is you, and that's where we stood until war virtually compelled us to establish an export trade in one of our overlooked national products—daily news service.

Brazil is typical. Like all the important South American countries, it has



good newspapers and an alert public opinion which keeps track of world affairs through cable service and special correspondence. But for years the bulk of its foreign news has been coming from Europe, including such news as it got about us. Some of this news has been frankly propaganda. With valuable trade and diplomatic interests to protect, the Briton, Frenchman, Italian, Spaniard, Portuguese and German have been saying nice things about themselves, hinting awful things about their neighbors, and all saying awful things about us. Some of the news has been inspired by the diplomats and some of it colored by the journalists. Leaving out propaganda motives, there was still the factor of selection, so that European journalists who knew little about the United States took from our own news the things they believed about us and cabled them to Latin America.

#### DIRECT U. S. NEWS WELCOMED

**POLITICAL** graft, divorces, murder trials, lynchings and millionaires have always been the most interesting things about us to the European journalist, and, making his startling selection, he used to cable it to Latin America and let the people there draw their own conclusions. Thus the United States was almost a mythical country of crooked politicians and rich bounders, where wives were swapped overnight, white men hunted black men through the streets for sport and the Monroe Doctrine would get you if you didn't watch out.

"Caramba! What a country!"

When we got into the war it became highly important to have Latin-American sympathy, and investigation of public opinion in even so friendly a country as Brazil showed that southern republics knew very little about us—at least, little that was true. In countries like Chile, still cherishing grudges over past diplomatic clashes and filled with enemy agents, the situation may be imagined.

Uncle Sam started a counter-propaganda in the different countries and discovered that Latin Americans were hungry for everyday facts about the United States, our war purposes and preparation, our industries and methods. Even in Chile all one had to do to counteract the lies a German agent had told a Chil-



ean farmer about us was to tell the latter something about farming in the United States or let him see us farm in the movies.

At the same time two of our big news agencies began marketing their service in Latin America—the Associated Press and the United Press. Today you can pick up newspapers in Rio de Janeiro, Buenos Aires, Santiago or Lima and find news from Washington, New York, Chicago and San Francisco on the front page. It has been bought by the publishers for money, sometimes in competition with government-subsidized news from Europe, which can be had for less money or even for nothing. It is printed because South America frankly has a new interest in the United States, and is learning the truth about us and wants more of it.

Associated Press service is being supplied to four daily papers in Rio de Janeiro—Jornal de Brazil, Imparcial, Correio de Manha and Jornal. About 2500 words of American news are received daily, extending to 3500 words when printed. United Press service is taken by O Paiz, in Rio de Janeiro, and Estados de Sao Paulo, in the city of Sao Paulo. About 3500 words of American news are cabled, together with special articles by the United Press correspondents in Europe.

#### INTEREST IN YANKEE POLITICS

**AMERICAN** news is a novelty in Brazil, but the people like it. Publishers have found it so popular that they "play up" the stories on their front pages. Demand has increased to such an extent that more news from the United States is now printed than from any other one country.

Brazilians like our crisp style of reporting and writing—it is a marked contrast to the solid and oftentimes prosy style of the European journalist. Our news sparkles with headline materials, and in handling it the Brazilian editors instinctively bring out suggestive headings and break the solid classified arrangement of news which has made so much work for Brazilian readers.

Another thing Brazilians like about our news is its impartiality. They have learned that if something in the news is unfavorable to the United States, that will be sent just as faithfully and fully, without coloring, as the story that is favorable to us. Long experience with European news agencies makes it difficult for them to believe that an institution like our Associated Press is not subsidized by the United States Government. But in the news itself from day to day is reflected the Associated Press impartiality and exactness, and readers are learning that the reports of this big news-gathering service can be depended upon. The effect is already apparent in European news cabled to Brazil. Cock-and-bull stories about American affairs



do not find credence now, because the Brazilians know more about us. American affairs are handled with greater breadth and dignity.

Brazilian preference is chiefly for our political news. Politics are an everyday interest with all Latin America. Washington dispatches reporting the acts and utterances of the President, the debating and voting in Congress, our relations with other countries and daily happenings in diplomatic life are given the greatest prominence in space and position. Major happenings in general news are also valued—important gatherings, big sporting events, industrial disturbances, business matters and the like. There are very comprehensive reports on affairs of special interest to Latin Americans, such as coffee prices in New York, the Mexican situation, Latin-American relations reflected in Washington and United States plans for trade and development in the southern continent.

#### CABLE SERVICE LACKING

**R**EADING our own reports concerning our politics, especially international affairs, Brazilians are learning more of our acts and policies. This promises to counteract old fears about "Yankee aggression," and set Brazil straight on the Monroe Doctrine. The Brazilian has a sound sense and an instinctive friendliness for us, which makes it less easy for politicians to alarm him by cries of "Wolf!" than in some of the smaller Latin-American countries, where the Monroe Doctrine is the politician's bread and "Yankee aggression" his meat. But even in Brazil this doctrine is often distorted with a view to stirring up trouble, and it is helpful in our relations to have the Brazilian watching our international affairs day by day from a front seat on our grandstand.

Our cable news has to be sent in to Brazil through the back door. We have no direct cable connections, and the British cable company does not see fit to give American news associations adequate service over its heavily burdened wires. So our news is cabled to Valparaiso, and from there telegraphed to Buenos Aires and Rio de Janeiro.

American news service is thus far limited entirely to the actual news itself—day-by-day reports of happenings of wide interest. General information about the United States of semi-news nature lies outside the news associations' field, being in the province of the Sunday editor, magazine contributor and technical writer. Yet there is undoubtedly a great mass of general information about the United States which Brazilians would like to read and which would be of practical value to themselves in the development of their country and beneficial to us because making for better acquaintance. Brazilian newspapers have nothing corresponding to our Sunday editions, but they do publish many fine informative articles from special contributors, particularly Brazilian writers living in Europe. If similar articles dealing with American life and tendencies,



DISTRIBUTION OF CHARITY IN RIO DE JANEIRO

work and play, achievements and ideals were available they would unquestionably make a place for themselves in Brazilian newspapers.

#### ARTICLE L

### BRAZILIANS HAVE HORROR OF PHYSICAL VIOLENCE

**RIO DE JANEIRO, Dec. 12.**—

Thousands of persons will throng the streets of Rio de Janeiro in carnival time, yet one person seldom touches another. This is a peculiarity of the Brazilian—that he does not like to be touched by strangers. Even the young Brazilians, now going in for sports, prefer the noncontact sports, such as rowing, soccer, football, tennis and track sports. Wrestling and boxing would be alto-

gether foreign to Brazilian tastes. Indeed, the Brazilian has almost a horror of fist fighting on American and British lines. Doctor Hackett, of the Rockefeller Foundation, tells a good story along this line. There was an argument in his office, and a Brazilian called an assistant a liar. "Why, Candido, do you really mean to call Henry a liar?" asked the doctor. "Yes, I do," was the reply. The doctor rose from his seat. Candido ran to the door, shut himself outside and called back nervously, "Now, I don't want any of this boxing business."

Among other reasons given for Charlie Chaplin's lack of popularity in Brazil is this Brazilian dislike of violence. To nearly every other nation in the world, and especially the Spanish Americans, there is something uproariously funny in pie-throwing, falling downstairs and slapstick and fire-hose humor generally. But the Brazilian doesn't see anything funny in a drunken man, or in one man kicking another in the stomach. About the only American film of this kind regarded as funny in Brazil is the Mutt and Jeff type of animated drawing, in which puppets figure instead of people. The Brazilians are learning to like them, yet seldom laugh out loud. The newly arrived American, openly "haw-hawing" at the show, finds

with astonishment that he is laughing all alone.

\* \* \*

**T**HE Egyptians used to carry a mummy among the guests at every feast, as a reminder that we are all mortals. One of the sights in Rio de Janeiro is the delivery of coffins, which are carried empty on men's heads. At a certain Avenida restaurant one can sit eating at a window table and see a coffin carried by at least once in five minutes—an equivalent of the mummy at the feast, very characteristic of the Brazilian capital. Coffins, hearses and funerals generally, like many other things in Brazil, are a government concession and monopoly. But they are systematically standardized, with official charges for eight different classes of funerals. A first-class funeral, complete, is quite a gorgeous affair, with a gayly gilded coffin



and a gilded hearse to match, drawn by six mules, and costs \$150. The pitiful little eighth-class funeral of the suburbs, with even the motorman respectfully lifting his hat as it passes, has some paper flowers and a little gilding, and costs only twenty milreis—\$5.

\* \* \*

A MORE cheerful subject is the public wedding automobile in Rio de Janeiro, hired for marriages by all who can afford it. This is a small town car, in which the bride and groom ride to the church and civil ceremony. The whole body of the car is made of plate-glass panels—sides, front, back and doors. Each panel is outlined with sprays of white wax flowers, re-enforced by a big bouquet of wax blossoms. The interior is trimmed in white, and the bride and groom sitting inside look as stately as the little figures on a wedding cake. Marriage without this car is unthinkable to the Rio de Janeiro bride.

\* \* \*

WHEN two automobiles crash into each other in Rio de Janeiro, instead of sending for a wrecking crew the police place a guard over the remnants and see that they remain undisturbed until a formal investigation is made by the authorities, and also the attorneys on either side. Very often the wreck will lie a week, even if it becomes necessary to divert traffic. Nothing connected with legalities is ever skimmed or done in a hurry in Brazil—everything must be painstakingly recorded, attested and fiscalized. So if you like automobile wrecks, or take a technical interest in tests of destruction, the streets of the Brazilian capital are an ever-changing museum and scrap heap.

\* \* \*

ALTHOUGH constantly repeated by greenhorns, there is virtually nothing in the myth that the American woman walking alone on Rio de Janeiro streets is certain to be pestered by mashers. To be sure, the masher exists in Brazil and other Latin-American countries, as he does on Broadway, Market street and State street. But he believes in safety first, and the American girl is automatically protected by—her shoes! Brazilian women wear the stilt-like, foot-deforming, short-vamp shoe common throughout Latin America, because they believe it makes their foot look small. The mere sight of a woman wearing normal shoes is a danger signal to the Avenida Rio Branco masher. He has evidently heard terrible things about the militant American girl, and intends to risk none of "this boxing business."

\* \* \*

A BRAZILIAN newspaper solicitor called upon the only American business woman in Rio de Janeiro, as she was advertising a consumer product in other



GENERAL RONDON, IN CHARGE OF A NEW GEOGRAPHICAL SURVEY OF BRAZIL.

journals, and he wanted the business for his own. She told him his paper would be used when she got ready. He came again in a few days, and called regularly for several weeks, but without success. She was as persistent in waiting as he was in calling. Finally she was ready, and signed a contract. As the grateful advertising man put it into his pocket he said: "Senhora, there is something else. We are establishing a new enterprise. We will offer you a suitable salary to attend at our office two hours daily, because we need some one who knows how to say 'No.'"

\* \* \*

THE Brazilians are constantly saying "No" as a matter of habit, but they really mean "Yes." "You like Brazil—nao e?" they ask, with a nasal French "nong." "You are feeling well—nao e?" "You will have a drink—nao e?" The right interpretation was put upon this idiomatic expression by the Yankee who answered, "I'll have a drink—yes!"

SPORTS are taking such a foothold in Brazil that the Portuguese language lacks sufficient words to report the events, and familiar English words crop up all through the sporting news. Soccer, football, rowing, horse racing, swimming and tennis are the chief sports, and the word "sports" itself heads the sporting page, because there is no equivalent for it in Portuguese—the French, Spanish and Germans have had to adopt it, too. Other English words used and understood are football, turf, rowing, tennis, training, team, club, player, kick, free kick, goal, record, scratch, penalty, sportsman, jockey, derby, game, match, etc. Our world's series is usually reported in cable news as a "matche de baseball" with a quaint idiom to the effect that "yesterday at Chicago there was realized a matche de baseball which was disputed with the assistance of 24,000 persons." A big pugilistic event will also be reported as a "matche de box." Flying has also introduced English words like "raid."

\* \* \*

AMERICAN ragtime is popular in Brazil and the one-step and fox-trot alternate with the maxixe, waltz and tango. When the Brazilians play our national music, however, they unconsciously tone it down with their own rag, and leave out a lot of the jazz and the noise. Prof. Harry Kosarin, well known in New York cabarets, recently took a real jazz band to South America, with banjos, saxophones and trap-drum effects—the professor himself plays traps. In both Argentina and Brazil this band caught on instantly, dancing being organized first by the Americans and then taken up by the Latin Americans. The latter freely admit that something is happening to them. Certain traditional formalities in etiquette and thinking are breaking down. The play spirit is rescuing the Latin American from an empty etiquette which rests almost as heavily upon him as puritanism upon ourselves. Like ourselves, he is glad to get out and be a boy again, and American jazz is part of it.

\* \* \*

BESIDES curing Brazilians of hookworm, the Rockefeller Foundation conducts an educational campaign to prevent reinfection by the installation of sanitary toilets and small sewage-disposal systems. As an illustration of Brazilian hospitality to new ideas, one of the American doctors tells the story of a country widow who was so determined to protect her children and servants that she had a sewage-disposal system built. She was not very well-to-do, however, and had to pawn her only jewel to pay the contractor. "You have done better than any one in this neighborhood," declared the doctor, when he made his return tour of inspection. "Ah, yes, doctor; but I



had to pawn things, and when people ask where your only jewel is, you can show them this my only diamond," she said.

## ARTICLE LI

### NEW CABLE WILL HELP U. S.-LATIN-AMERICA TRADE

**R**IO DE JANEIRO, Dec. 13.—For fifty years now American cable interests have been seeking an entrance to Brazil.

At last there are prospects that this dream will be realized, but some of the skeptics are keeping their fingers crossed.

The original dreamer was James A. Scrymser, one of the most daring American pioneers in submarine telegraphy. Mr. Scrymser began laying cables in 1866, with a line from Florida to Cuba, under Spanish concession. He intended to go on to Brazil, touching Para, Rio de Janeiro and ultimately Buenos Aires. Negotiations with the Brazilian Government for permission to land and operate a cable in 1868 were successful. So Mr. Scrymser started down the west coast, organizing the Mexican Telegraph Co. and Central and South American Telegraph Co., running from New Orleans to Mexico, thence down to Colon, across the isthmus, and from port to port until Chile was reached. From Valparaiso he strung telegraph wires across to Buenos Aires and cable to Montevideo.

In his efforts to enter Brazil he gave American cable connections to every country in Central and South America except Brazil itself and Venezuela. But after fifty years' knocking the door was still closed when he died, in 1918.

The fast cable rate over American lines from Buenos Aires to New York is fifty cents a word and a rate of sixty cents will be possible when the American lines reach Rio de Janeiro. The present fast cable rate from Brazil to New York via England is eighty-four cents a word, while if the sender wants to send via Buenos Aires and over the system that Americans are seeking to complete, the rate is raised to \$1 a word.

It is a story of monopoly and corporate blindness.

British cables running from Brazil to St. Vincent, the Madeira

and Azores islands, and thence to England and the United States are owned and operated by the Western Telegraph Co., a British concern, which, years ago, secured a cable monopoly from Brazil and succeeded in having it renewed until 1913. Even then it had the right to construct any new cable line proposed by a newcomer, the latter going ahead only if the British company refused.

### AMERICAN CABLE SOON

**W**HEN the monopoly ended the American company asked for a concession from Rio de Janeiro to Santos and thence to Buenos Aires. The British company would not undertake the construction of a cable to connect with American lines, especially as the Yankees asked for no monopoly or government subsidy. So it looked as though the last link of American cable communication would be completed. The British company brought suit against the Brazilian Government, however, in the endeavor to maintain its monopoly, and nearly three years were spent in litigation, terminated by a decision against the monopoly by the Brazilian Supreme Court.

Then the Brazilian Government gave permission by contract to land and operate the American cable in August, 1917.

There is a Brazilian Government institution known as the Tribunal de Contas, originally established to review government contracts and straighten out discrepancies. In recent years this tribunal, like government bureaus everywhere, has been taking executive power unto itself. When the American cable contract came along the tribunal refused it registry on technical points. Under two clauses the Americans were permitted to bring cable equipment into Brazil free of duty. The Americans conceded that there might be justice in this objection and were willing to eliminate those clauses. But legal advice was to the

effect that an offer of that sort would probably give the British company ground for a new lawsuit.

The decision of the Brazilian Supreme Court had legally broken the British monopoly. So the Americans asked for another contract with the objectionable clauses left out, and this has just been approved by the President. At the present writing the Tribunal de Contas apparently has no ground upon which to refuse registry. In the long legal battle the Americans have won point after point, along with Brazilian sympathy. Immediately after the registry of the contract the construction of land terminals can begin, and if present plans go through the cable will be laid and working in 1920.

An American cable official recently spoke at the American Chamber of Commerce in Rio de Janeiro, his talk being followed by a quiz.

"When is that American cable going to be ready?" shouted one questioner.

"The American cable is now being made in England," he replied.

Which brings up the subject of national rivalry between the British and ourselves in this whole cable affair.

Despite many dark interpretations of the Brazilian cable monopoly as to British repression of our trade, there seems to be nothing deeper than shortsighted selfishness on the part of a British corporation. This corporation has worked its monopoly for all it was worth. Rates have discouraged cable communication instead of increasing it. Service has been tardy and inaccurate. Many an American doing business in Brazil has reason to believe that valuable business information sent by cable becomes known to his competitors. British cable news comes to Brazil over British lines, but facilities are not afforded for transmitting American news, which comes over our own lines to Buenos Aires and must there be taken off the wires and retelegraphed

to Rio de Janeiro to avoid the British cable company's penalty of fifteen cents a word on through messages over the American line.

But the fact that the American cable is being made in England demonstrates that ill will is confined to one British corporation, because the making of ocean cable is virtually a British monopoly of skill, just as the control of gutta



BRAZILIANS FROM ALL SECTIONS SEEK "MIRACLE CHURCH" OF OUR LADY OF PENHA, NEAR RIO, ON SPECIAL FEAST DAYS



percha for cable insulation is a monopoly of British resources. Level-headed Americans in Rio de Janeiro resist the temptation to make dark interpretations, and, as in the case of shortsighted British steamship companies, are waiting for the day when there will be competition in both cable and steamship service. Then the vision of these companies will unquestionably be improved, and their service, too.

#### DIRECT CONNECTION WANTED

**B**RAZILIANS want direct cable communication with the United States. During the war, under the monopoly, cable connections with the rest of the world have decreased 50 per cent while the traffic has quadrupled. The British company has recently laid a new cable to Ascension island, relieving the pressure, but Brazilian trade with the United States, no less than our own with Brazil, calls for direct communication. We buy more than 40 per cent of Brazil's exports, and Brazilian exporters want their business messages to us carried directly, avoiding transmission through other countries and possible scrutiny. They want the reduced rates and more liberal use of cables offered by the Amer-

icans. Since 1882 the rate per word between Buenos Aires and New York has been cut down from \$7.50 to only 50 cents and transmission reduced to twenty minutes. A reduction of 25 per cent in rates to all South American countries reached by American cables, made some years prior to the war, was maintained during the war period despite greatly increased costs. Argentina, Uruguay and Chile not only have a competitive advantage over the Brazilians in cheaper cable service to the United States, but during the war were able to send direct messages to New York with a single censorship, whereas the Brazilian coffee exporter, cabling through England, had to pay nearly double the rate and submit to double censorship. Very often he took the still stiffer option of paying the penalty to have his messages sent over our lines to take advantage of the single censorship. In the coming industrial development of Brazil it is clear that business communications must often be transferred to cables, as even fast mails are too slow. The immense economic and strategic value of cables demonstrated during the war has not escaped the Brazilian.

The Americans have another cable contract with Brazil, although construction will take longer than the connection between Rio de Janeiro and Buenos Aires. This line will run north from the Brazilian capital to the island of Fernando de Noronha, which is Brazilian territory, and from there to Maranhao and Para and thence to St. Thomas, Porto Rico, Guantanamo, Cuba and New York. This cable will give Brazil a more direct connection with the United States, and have the further advantage of passing only through Brazilian and United States territory, as the landing station in Cuba is on Uncle Sam's naval reservation.

American cable men seek one other improvement in communication with Brazil. Under a special tax imposed over the Brazilian Government's telegraph lines a direct cable message from New York to Rio de Janeiro at sixty cents a word would be charged twenty-five cents a word for transmission inland to Sao Paulo, although the local telegraph rate between the two cities is only five cents a word. This is simply another of the many hampering taxes and regulations which the Brazilians have contrived for revenue purposes and which they now seem disposed to modify.





# Uruguay and Paraguay



*Calle Saranda, Montevideo's Fashionable Shopping Street.  
The Uruguayan Capital Has Over 300 Avenues  
All Well Paved and Lighted*

## ARTICLE LXI

### URUGUAY IS THE BIGGEST LITTLE REPUBLIC IN SOUTH

**M**ONTEVIDEO, Dec. 25.—“A. B. C. plus Uruguay” is a happy phrase.

It stands for Argentina, Brazil and Chile, the dominant Latin-American republics, adding the littlest South American republic of them all because she is one of the biggest of them all in progressiveness, character and spirit.

Uruguay is plus in all save area and population. Buy some of her pesos at the bank and you will have to pay \$1.03 apiece for them, the soundest money in Latin America, backed by the best gold reserve and the best national bank and banking system. Uruguay has more improved highways than any other South American country not simply in proportion to her size, but in actual mileage, a total of more than 5000 miles, largely macadamized, and her people own nearly twice as many automobiles as the Brazilians. She has the best public school system. Her per capita wealth is nearly \$1800 against our own average of \$2000. John Bull has been investing his money in Latin America since the days of Napoleon, and ought to know something

about security and profits in the various countries. Uruguay ranks fourth in British esteem, with \$250,000,000 invested.

One of the big American packing concerns in Montevideo has been selling its specialties to the local retail butchers for two years. Many of these merchants have a very modest turnover, yet in that period only one bad account of \$100 was lost, and even that because the merchant died and his affairs were badly tangled.

The Americans in Uruguay find the Uruguayan word above par like the Uruguayan peso. If an Uruguayan makes a bargain he sticks to it. If he makes an appointment with you he keeps it. If you hire him to work he does work, and there is no “manana” in his temperament or vocabulary.

### SEE THE MOUNTAIN

**B**EFORE leaving New York the writer made inquiries about the leading Latin-American countries from their consuls. The Uruguayan consul at once sent a descriptive booklet about his country in English. In other Latin-American countries the Uruguayan away from home, learning of the “Public Ledger’s” enterprise in investigating business conditions on the southern continent, always turns up to speak a good

word for his own country, and a good word for the country where he happens to be living.

Uruguay is just a little larger than Missouri, with an area of 72,000 square miles and a population of about 1,400,000. It lives chiefly on its wool, mutton, beef and hides, with some wheat and corn. Sheep are the chief industry, numbering 25,000,000, or half as many as in the entire United States. Cattle number 8,000,000. Lacking the rich alfalfa lands of Argentina and the mineral and forest wealth of Brazil, the Uruguayan has had to “farm it” industriously, and his intensively developed little republic stands on a footing with our best states. That there is room for further development is shown in the fact that the average area of our states is 63,000 square miles, against Uruguay’s 72,000 square miles, and that the average population of our states is 2,100,000 against Uruguay’s 1,400,000. Uruguay plus her industry and character probably could support three times the population, for it is still a country of ranches rather than farms.

Montevideo is the capital, and because one’s geography may be hazy when it comes to the secondary cities of the southern continent, the story of its naming makes a good memory tag. “Monte





PANORAMIC VIEW OF MONTEVIDEO, URUGUAY'S CAPITAL CITY

video!" exclaimed a Spanish sailor in the discoverer's ship, "See the mountain!" pointing to the 500-foot "cerro" or hill which dominates the harbor, the nearest approach to a mountain that far down the east coast, and the "mountain" names the city, though it has been utilized only for a lighthouse and a fort.

#### EXPERTS IN FOREIGN MONEY

**M**ONTEVIDEO has about 400,000 population, and some characteristics of its own. Its people are big, strong white men and women, as hearty eaters as the Argentinos. Its business is done chiefly by Uruguayan and Spaniards, in contrast to the Italian influence in Argentina and the Portuguese in Brazil. Even more than any other Latin-American country its immigration has been from the Basque provinces of Spain, and as the solid, canny Basque is the Yankee of Spain, that explains many of the Uruguayan's commendable qualities.

As an illustration his respect for time. The government runs the electric light business in Montevideo, makes "juice" with coal, sells it at twelve cents a kilowatt for light, two cents for cooking, and earns a profit. While you sit at dinner the lights everywhere suddenly grow dim for a second, and that is precisely 8 p. m., the government's way of helping the people set their clocks and watches. Also a government whistle is blown daily at 7 a. m., 12 noon and 5 p. m.

You can take a gold piece of any country of the world into any little shop in

Montevideo and get change for it in Uruguayan money at the correct exchange. In this respect Montevideo is a bigger financial center than New York. For many years Uruguay had no currency of its own, but did business with other nations' money, chiefly foreign silver from seventeen different countries. Now it has paper pesos, silver half pesos and nickel five-cent and two-cent pieces, but still uses foreign gold coins.

Another peculiarity of business in Montevideo is that everybody shuts up shop at 12 o'clock and stays away until 2—stores, warehouses, banks, offices, government departments. The eight-hour working day is compulsory by law throughout Uruguay, and employes must also have an hour and a half for lunch.

By taking two hours out of the middle of the day business men manage to legally stretch it at both ends.

The Uruguayan calls himself an "Oriental." His republic is known as the "Republic Oriental del Uruguay"—republic east of the Uruguay river—and also familiarly the 'Banda Oriental,' the latter meaning the eastern party or side. This is a memory from days when Uruguay was the easternmost Spanish possession in South America, and also of days when the Uruguayan stoutly fought

the Spanish, Portuguese, Argentinos and Brazilians for national independence.

#### FARMERS ARE FIGHTERS

**U**RUGUAY comes pretty near being the country where a million farmers rise up over night with shotguns to resist invasion. Along with its progress since independence was wrested from Argentina and Brazil in 1828 there has gone sturdy fighting. Before that the Spaniards and Portuguese were fighting each other, using Uruguay as a sort of Belgium. And before that the country was inhabited by one of the most warlike Indian tribes in South America, the Charruas, a big, strong, taciturn race with ability to organize for war and enough military skill to defend itself against the Spaniards for nearly a century and a half, though ignorant of iron or copper and fighting with arrows and stone axes.

Immediately after independence was secured a quarrel rose between two of the military liberators, Lavalleja and Rivera, who fought a big battle in which the two armies were distinguished by red and white badges. This gave rise to the Colorado and Blanco parties of Uruguayan politics, who have frequently resorted to arms to settle political questions. The last fracas, amounting to civil war, was in 1904, when a Brazilian military officer, crossing into Uruguay, was killed in a quarrel, and his soldiers crossed after him seeking vengeance. The Colorado government ordered federal troops north to eject the Brazilians. The





Blanco party, being strong in that section, regarded this as an invasion, and ten months' costly fighting followed, with victory for the government.

The Colorados are Uruguay's old-line southern republicans, so to speak, and the Blancos her hard-shelled northern democrats. There has been a continuous Colorado rule for more than fifty years, but the country has gone ahead despite political animosity. Politics has been the chief outdoor sport of the hardy, enterprising people, and the country has been too solid to wreck. But now industry is replacing politics as an interest. Tired of both old parties, the younger element among the Orientals started a healthy "Bull Moose" movement in the recent November elections, and other new elements in Uruguayan politics promise better things for the country. One is a new constitution that provides a certain number of offices for the minority. Another is the secret ballot, which will allow voters to select their own candidates, instead of yielding to intimidation. Another is the creation of houses of representatives in each of Uruguay's nineteen departments, which correspond to our states, and this will strengthen local administration and be of great value as political education.

## ARTICLE LXII

### INDIVIDUALISM FEATURES TRADING BY URUGUAYANS

**M**ONTEVIDEO, Dec. 28.—Uruguay might be regarded as an experiment station for many an American business house building up its world trade organization—the experimenting being for the American account, however, not the Uruguayan, because the latter thoroughly knows the game.

A country with the area of Nebraska, but less population than Philadelphia. Absolutely distinct in nationality and spirit—not an annex of its bigger neighbors in business any more than nationality. Set down in easy reach of American concerns who have begun business with countries like Brazil and Argentina, the latter big enough for substantial sales and even branch houses, it calls for different business methods. Being too small for direct connections, goods must be introduced and business built up through importers handling many lines. Thoroughly typical of many small countries in the world, whose individual purchases may be modest but which combined make up a large aggregate. And a country where business integrity and skill offer a safe school for the intelligent and earnest beginner.

The first step is to make connections with an importing house in Montevideo. These houses are, variously, Uruguayan, Spanish, Italian, German and British, the latter not so well represented as

other nationalities, and ourselves hardly at all, although American goods are handled by importers and have often gained a good foothold. In the absence of an American connection, the next best thing would be one with a concern specializing in American lines.

In many cases American houses have already made a beginning by filling small orders from a Montevideo importer. If he is satisfactory as a representative, then steps can be taken to enlarge the business by teamwork, getting his views about extension of the trade, following his instructions about shipping and other details, and backing him up with advertising and perhaps saleswork. If a connection must be found, information can be secured from the Montevideo branch of the National City Bank, which maintains a commercial department for such purposes.

Following your representative's instructions is the first thing and the biggest. In world trade literature this subject may seem trite, but in Montevideo's everyday business it is one of everlasting interest.

Your representative's mark may be a diamond inclosing initials, with destination, thus:

H. H.  
MONTEVIDEO

The shipment will also bear a number, perhaps his order number, or an arbitrary number for identification—say his number is 4777.

Maybe your shipping department gets the mark right, but scrambles the number so that it is 4747. Or the number is right, but a circle surrounds the initials instead of a diamond. Maybe mark and number are both correct, but somebody in the shipping room stencils additional information—an advertising phrase, a trade-mark, or the word "Mike" to guide the driver.

Following this shipment to Monte-

video, we find a group of customs officials puzzling over the word "Mike." For they make very careful comparison of all marks on packages with those in the invoice, and Mike isn't on the invoice, and the officials do not read English and don't know what he means. These superfluous and erroneous marks have been giving real trouble in Montevideo lately.

The Uruguayan customs house is a very decent institution—as customs houses go. Operating under a very old law, the officials administer it as intelligently as possible to simplify routine and stimulate trade. No consular invoice is required, and while Uruguay has some industries of her own to protect and raises most of her revenue by import duties, these are moderate compared with either Brazil or Argentina. Roughly speaking, imported merchandise in Brazil costs 150 per cent more than New York retail prices, 100 per cent in Argentina, and from 50 to 75 per cent in Uruguay. Of course, there are wide variations, according to the articles and qualities. Such documents as the Uruguayan customs house does require should be complete and correct, and clearing facilitated for the importer. Recently there has been complaint of missing insurance bills and secondary documents not forwarded because thought unnecessary. The Uruguayan importer's suggestions about classification of goods often reduces duties through some technicality.

### IMPORTERS ARE CAPABLE

**A**N AMERICAN hosiery salesman visited Montevideo and sold goods to a number of merchants, promising delivery by October 15. Labor and shipping trouble made it impossible to deliver on schedule, but each customer received a special delivery letter from an American manufacturer, stating that delivery could be made a month later, and that any customer could cancel his order if he wished. There was not a single cancellation because merchants knew in advance when they were to get those goods,



MONTEVIDEO WATERFRONT, SHOWING MODERN CONCRETE WHARVES



and could plan accordingly. That is teamwork.

Uruguay is a small-scale model laying bare to view the whole mechanism of Latin-American credit. Importers in Montevideo supply retailers all over the little republic. The retailers' customers, being farmers, pay their bills largely according to crops. Importers give the retailers six months' credit, and in turn require three months' credit from the foreign exporter. It is a mistake to assume, as many American and British manufacturers have done, that this amounts to financing the importer's business. It simply gives him the necessary time for shipment, clearing through customs, distributing to retailers and discounting their paper, when he is ready to take up the ninety-day sight acceptance which has become standard.

Teamwork in selling is welcomed by the Montevideo importer, and when done thoroughly will greatly increase the turnover for a given product or line. The busy importer, handling many lines, is not able to give intensive sales effort to a particular product, and in the absence of consumer demand may not be disposed to handle it at all. But a salesman spending two or three months in the country, visiting retailers and creating consumer demand by advertising, demonstration and sampling, can make a place for a desirable article. Commercial travelers pay \$200 license in Montevideo and \$100 additional for the rest of Uruguay. That they should speak Spanish goes without saying.

#### CONSERVATIVE CUSTOMERS

**T**HE duty on advertising matter sent into Uruguay is rather steep, and increases according to the number of colors. Plain black and white circulars or pamphlets pay a duty of fifty cents a pound, two-color literature \$1 a pound, and three-color printing \$1.50. But by a liberal interpretation of this tariff requirement the Uruguayan customs officials allow a reasonable quantity of advertising matter to enter duty free if it is packed in the same case with a shipment of goods. There are no stipulations as to printing or weight, but the

advertising must refer to the product that it accompanies. It may also refer to other products of the same concern, even though they are not included in the shipment—that is, a shipment of patent screw drivers might be accompanied by pamphlets describing the same manufacturer's braces, bits, chisels and planes, so long as the screw drivers were described.

The Uruguayan consumer is probably the most conservative of all the Latin Americans and sticks to preferences of his own, so that goods accepted in Argentina or Brazil might not find a market with him. The people took to the metric system so slowly that it was necessary to prohibit legally the use of old terms like "vara" for the metric equivalent to the yard, and such terms are still used in documents evasively, being writ-



THE ATHENAEUM AT MONTEVIDEO

ten with an initial and a dash ("v—") to comply with the law. But this conservatism is an advantage to the concern willing to really create a market for goods, because when the Uruguayan consumer likes your stuff and distinguishes it by your trade-mark it is hard for the other fellow to switch him to something else.

Montevideo would make an excellent place for a free port into which merchandise might be shipped, carried in stock and distributed to Argentina, Paraguay and southern Brazil. Like ourselves, the Latin-American countries are beginning to see advantages in re-exporting without red tape, and it is quite possible that Uruguay, by reason of its position and business foresight, may be the pioneer in this matter.

#### ARTICLE LXIII

#### MAKE REFRIGERATOR CARS SWIM TO LATIN AMERICA

**M**ONTEVIDEO, Jan. 1.—The American refrigerator car was created by the American meat packer. It is an indispensable tool of the industry. Through its use other American industries have grown—dairying, fruit growing, winter vegetables.

The American packer is now actively developing meat industries in South America. He finds that he cannot get along without the refrigerator car. World markets must be reached with his perishables. On the ocean, of course, the car becomes a refrigerator ship. But the refrigerator ship needs development on refrigerator car lines so that the increasing volume of South American meat

production will find adequate distribution. There is a shortage of refrigerator shipping space. It is necessary to provide more, and to secure some of the flexibility of the American refrigerator car by giving virtually all ships some refrigeration. There is an opportunity to build up some of our own industries through return cargo on refrigerator ships, selling fruit, cheese, eggs and butter to Latin-American countries.

"Our new freight steamships are now coming down here almost daily, but very few of them are insulated and provided with cooling apparatus," says W. F. Price, general manager of the Frigerifico Artigas, in Montevideo. "I believe the United States shipping board will find it profitable to provide refrigeration on every vessel it builds, both passenger and freight. This does not mean insulating the whole ship, limiting its cargo flexibility, but insulating one or two holds so that perishables can be mixed with other cargo. The British have been more far-sighted than ourselves in this matter—a large percentage of their ships are equipped to carry perishables."

#### REFRIGERATOR SHIPS NEEDED

**T**HE Frigerifico Artigas is the Uruguayan branch of Morris & Co., Chicago, and was named after Uruguay's liberator and father, General Jose Arti-



gas. Mr. Price has given a good deal of thought to this subject, not only from the standpoint of shipping Uruguay's packing house products to Europe and the United States, but developing ocean trade in other perishables handled by our packers at home.

"As a result of political agitation against the packers at home," he continued, "the British have diverted much of their refrigerator tonnage from South America to their colonies. They are alarmed by the cries of 'meat trust,' and taking steps to develop their own industries in Australia and South Africa. It looks now as though trade to Europe will

makes them potential customers for our cheese, butter, eggs and fresh fruit.

"We are now planning a little experiment. Just about the time the little red hen in our Corn Belt stops laying and goes into winter quarters the little red hen of Uruguay starts work, seasons in the two countries being exactly opposite. When our little red hen starts her spring drive next April eggs will be bringing winter prices in Montevideo. We are going to bring down some April eggs in American egg cases and put them on the Montevideo market. Six months later, in October, when the Uruguayan hens get busy again, we shall send the cases back full. April eggs at home are

has still to be developed through flexible distribution by means of refrigerator ships corresponding to our refrigerator cars, backed by consumer education.

One of the staple swindles sold to the American farmer by Get-Rich-Quick-Wallingford from time to time is a mysterious device for making two pounds of butter out of one. This contrivance simply churns an extra pound of milk or water into a pound of butter. To sell such butter is contrary to our food laws, so that the farmer, after buying the contrivance and starting out on this unexpected road to fortune, discovers that he is headed for jail instead.

In Uruguay, Argentina and Brazil



BUSINESS ACTIVITY ON THE PARANA, SHOWING QUEBRACHO LOGS READY FOR SHIPMENT TO WORLD'S MARKETS

have to be conducted chiefly in American refrigerator ships.

"We need refrigeration to reach our own markets. Today spring lamb is in season in Uruguay. The Uruguayans do not eat it to any extent. We could easily ship it to New York if there were facilities, and choice cuts of beef and delicacies like pork tenderloins. Because the local market does not take pork tenderloins we are compelled to make them up into sausage!

"Uruguay and Argentina have not developed dairying to the same extent as ourselves. They are still countries of big ranches, specializing in livestock. That

the cheapest of the year. Put into cold storage for our own winter use they must be held six to ten months, accumulating storage and interest charges and losses. But if a market can be developed in Uruguay and Argentina these storage costs will be avoided here, because our April egg can be eaten by the Uruguayan consumer in May or June. And the fresh October egg of Uruguay will arrive in the United States for the peak prices of December and January."

#### ENTER AMERICAN BUTTER

THE southern countries are good customers for cheese and butter, as well as lard, cooking fats and other by-products of our packing industry. But trade

such heavily watered butter is not only sold legally, but staple, and the only kind of butter most people know. They like butter soft, and do not realize how much of their butter money goes for water. In Argentina one large creamery now makes hard, heavy butter like our own, and it is gradually finding a market, though consumer taste for this more honest product develops very slowly. Through advertising, explanation and demonstration it would probably be possible to create demand for American hard butter in those countries.

In the Central American countries, which have no dairy industries of their own, tinned butter of standard density





DOCKS AND SHIPPING FACILITIES AT ASUNCION ARE INADEQUATE AND ENLARGED PORT WORKS ARE UNDER CONSTRUCTION

but inferior quality, is staple. Never having had an opportunity to try butter of mild flavor, marketed through refrigeration, the people actually relish a product so rank that it would be classed as cooking butter in the United States, and not very good cooking butter at that. Therefore, there is another field for educating butter taste in those countries and creating new outlets for American butter and providing return cargo for our refrigerator ships.

#### U. S. FRUITS A DELICACY

**F**RESH fruit from the United States is a great Latin-American delicacy. Apples from Washington and Oregon and pears from California are in the market almost all year round, while the more tender peaches, apricots, plums, fresh prunes and grapes from our Pacific coast appear in the fruit dealer's shop in Rio de Janeiro, Buenos Aires and Montevideo almost as soon as in New York, and make a bigger display during their limited season than the local fruit. But at what prices! Apples retailed for a nickel at home cost twenty-five cents at least, with corresponding prices for other American fruits. There is no good business reason for these exorbitant prices, except that American fruit is handled in small lots as a luxury, where with American refrigerator cars on the ocean, and greater volume, and intelligent development of the business generally, the stuff could be brought within reach of many

more Latin Americans. The box apple from the Pacific coast could be supplemented with the barrel apple of the Atlantic coast, and sold for cooking as well as dessert.

The east coast of South America from the Amazon straight down to the Plata has undeveloped possibilities in growing and exporting fruit. Argentina and Uruguay could unquestionably raise apples, pears, peaches and other temperate zone fruits with scientific adaptation of the right variety to the right locality. Paraguay could add semi-tropical fruits to her orange industry. Brazil is a fruit grower's paradise, producing tropical dainties capable of market development in other countries. But there is so little understanding of the fruit industry as we know it that these countries fail to supply the masses of their own people. Horticultural science is almost unknown, modern grading, containers, packing, refrigeration and transportation undreamed of, and fruit remains a costly luxury for the well-to-do.

#### FRUIT GROWING NEGLECTED

**T**AKE the banana as an illustration. It grows in every Brazilian garden, as far south as Sao Paulo, with plantations supplying Brazilian cities and providing bananas for export to Uruguay and Argentina. Yet with the splendid bananas which have been developed by our methods in Central America, and with re-

frigerating facilities on our ships, we could probably supply Rio de Janeiro with better bananas, and maybe at lower prices. For the Brazilian banana is small and of inferior quality, little attention having been given to varieties and culture. Brazil's capital is supplied by slow mule transportation, a few bunches jogging all day to market, as against our shiploads.

Oranges grow virtually wild in Brazil and Paraguay, and of superlative quality when fresh. But they are ungraded, often shipped green, the corky fruit along with the rest, and for lack of refrigeration your orange in Buenos Aires and Montevideo is often stale in flavor. Florida and California oranges piled beside native fruit would probably sell better, and often be better value. Grapefruit is virtually unknown even in Brazil, though it could be grown for export, as could the alligator pear, the mango and other tropical dainties which we are fast building into staple products. What we have done with the long-distance cantaloupe could also be done with fruits like the tropical papaya, which is a sort of super-cantaloupe, needing only a little demonstration to find its public in the United States.

Now that our railroads are being extended over ocean routes through our merchant marine, the American refrigerator car must be taught to swim. It has overcome distance and built volume at home, obliterating seasons and en-





GENERAL VIEW OF THE PORT OF ASUNCION, PARAGUAY'S CAPITAL CITY

riching our diet, putting upon the poor man's table today the rich man's luxuries of yesterday. South America simply offers a new field for it in distance, seasons and the development of volume both ways.

#### ARTICLE LXIV

### URUGUAY IS FINANCIALLY STRONGEST OF GROUP

**M**ONTEVIDEO, Jan. 2.—Most

Latin-American countries have a magnificent front door. But one walks straight through it and out the back door into an undeveloped countryside, short of roads, schools, sanitation, health and material comfort generally.

This is partly due to lack of capital, but also to the Latin American's partiality for spending money on things that he can see. Handsome public buildings and boulevards in the capital he can point to with pride, whereas waterworks and sewers for a country town are hidden away underground. If an epidemic hits the country town, he is quickly converted to sanitation and wants a system installed that very day. Once converted to an improvement, he has the virtue of being a good spender, and will put his money liberally into the very best.

In all the southern continent little Uruguay is most determined to have a countryside in keeping with her capital city. Aided by American engineers and bankers, she built waterworks and sew-

age systems in three of her interior cities during the war under great handicaps, and is now going ahead with similar installations for other towns.

The "Oriental Republic" has about a dozen small cities and towns ranging from 20,000 population in Paysandu, Salto and Mercedes, down to centers of 5000 population. Virtually all the important centers are river ports, some accessible to ocean vessels, and have meat packing and beef extract plants, with respectable local industries and thriving trade in wool, hides and country produce generally.

Sanitary conditions in these places were unsatisfactory. Water was hauled from rivers or drawn from wells, clothes were washed by the river side and cesspools were a constant danger. The Uruguayan Government, with characteristic enterprise, drew up plans for waterworks and drainage in the cities of Paysandu, Salto and Mercedes shortly after the European war started. A \$5,000,000 issue of federal government bonds covered the construction cost, and the finance, engineering and construction were undertaken by the American International Corporation, of New York; Stone & Webster, of Boston, and the Ulen Contracting Co., of Chicago.

#### URUGUYAN ADMIRES BEAUTY

**S**IXTEEN THOUSAND tons of material—water pipe, steel, machinery and tools—had to be transported from the United States at a time when ships were scarce, railroads congested and costs

rising on every hand. The contractors put the job through in a year less than the contract time, nevertheless, by close attention to details. Their men rode with railroad shipments in the United States to keep them on the move, a schooner was purchased to carry material on the 7000-mile voyage, taking back cargoes of tankage, bone and horn, and the job was pushed along with characteristic Yankee short cuts that saved time and money. Despite war difficulties the original cost estimates were not exceeded.

Some of the short cuts had to be sold to the Uruguayans.

For example, the Latin American likes things neatly finished. We are satisfied if a contrivance does the job, but he wants it good looking as well, and there is something inside him that hurts when things are left in the rough.

We make concrete in wooden forms, smooth off the joints a little and let it go at that. Uruguayans insist upon giving it a smooth and sometimes ornamental coat of plaster. The Yankee contractor built a test section of concrete with smooth steel forms and invited the government officials to inspect it for good looks, when they promptly decided that plastering was unnecessary on that kind of work!

Cement sewer pipe made by hand in the Uruguayan manner took half an hour each. When the contractors set up a machine for casting them in thirty seconds the Uruguayans were a bit nervous, thinking that such slapdash work



might not be strong, tight or, most of all, smooth. This latter quality is valued by the Latin American even in work to be put underground. When samples of machine pipe were inspected and tested, however, all apprehension disappeared, and later the government officials were delighted because the pipe-casting machine saved a year on the whole job and gave them the improved cities that much sooner.

#### NATIVES FAITHFUL WORKERS

THESE cities now have altogether eighty-nine miles of sewers and eighty-two miles of water pipe, with 150-foot steel standpipes in Paysandu and Salto, and a concrete reservoir on a hill near Mercedes. People can draw pure filtered water out of public taps at every fire hydrant, or have it run into their home.

The contractors speak in high terms of the Uruguayan as a laborer. For a dollar a day he would dig six and one-half cubic yards of deep ditch in his legal eight hours, and because coal was \$30 to \$40 a ton, American digging machinery could not compete with him—he got the whole job of 170 miles. When he heard about the Yankee idea of earning money by working harder or longer, he took to it so eagerly that a single foreman could handle a gang of more than one hundred men. The whole job was as exciting as a Yankee circus. When work was finished in one town everybody hiked to the next; some in their eagerness got there a week ahead.

Even more interesting than the construction work has been the educational work leading up to the passing of the necessary laws under which the first three cities were improved, and the later legislation under which practically all the towns in Uruguay will get waterworks and sewers. Thomas S. Sheppard, who represents the Ulen Contracting Co. in Montevideo, says that it has been largely self-education by the Uruguayans, aided by such technical information as they needed, supplied by American engineers and business men.

To begin with, there is the lack of development in a new continent characteristic of all Latin America today, backed by the ruggedness of country life in all the southern republics.

The countryman is a pioneer, often part Indian, plus a European peasant. The Uruguayan laborer eats the simplest food, will make his home in the barest hut and take his noonday nap on the damp ground. Comfort as we reckon it is just being discovered by Latin America as something desirable for the whole population. Even in the cities there has been luxury for the few and primitive living conditions for the many.



#### SOUND AND IN DEBT

STARTING out to raise the national standard of living, the Latin-American administrator welcomes technical counsel and admires Yankee practicality, but insists upon taking his own time. For once, the salesman might sell him a sanitary system on enthusiasm, but not the next time. Months pass, and maybe years, while laws are being drawn up and debated, and the impatient salesman would often despair of progress. But "Paciencia!" is the word. The proposition is probably going steadily along.

Look at it from the Latin-American standpoint, and there is reason for deliberation. In Uruguay, as an example, along with the most stable finance on the southern continent, there is the largest national debt per capita in any South American country, more than twice the second largest. This is due to the fact that the federal government finances many improvements in the departments, which with us would be carried out by local taxation. But through wise financial management, the Uruguayan currency was kept at par during the war, and the Uruguayan administrator intends to keep it there. Wise financial management is simply judicious spending and borrowing, so where the money is coming from must be the first consideration. That the Latin American is sure, even if deliberate, is shown by the financing and carrying out of Uruguayan schemes of sanitation during the perplexities of war, one of the few projects of the kind put through on the southern continent in that period.

Mr. Sheppard anticipates a building boom in Montevideo. More than 3000 building permits have been issued lately to property owners who will begin construction as soon as building materials and freight rates decrease. A thousand feet of pine lumber that cost \$50 delivered in Montevideo before the war now costs \$165, with other materials in the same ratio. Like every other city in Latin America, Montevideo is underbuilt, with houses, offices, stores and hotel accommodations almost unobtainable during a period of new growth. Hotels and office buildings on American lines would be profitable investments in Montevideo, even at present prices for struc-



tural steel and other materials, Mr. Sheppard says. Apartment houses on the American model would also be very welcome, but the cost of imported building materials today would make rents prohibitive.

#### ARTICLE LXV

#### URUGUAYANS WERE QUICK TO GRASP ROTARY SPIRIT

MONTEVIDEO, Jan. 5.—Not all American goods come in packages.

Montevideo has no American Chamber of Commerce or American club or American branch houses, because the country is too small to support the latter. Our interests center in the meat-packing plants, the bank and the export of wool and hides to the United States, after which business in American merchandise falls into the hands of importers.

But Montevideo has a live Rotary Club, the first in South America, and its establishment was a fine tribute to the American business spirit. Having learned that our industries turn out character as well as automobiles, and create fellowship along with adding machines, they have carried "Rotary" to Buenos Aires and Rio de Janeiro and are sending it to Chile and Peru.

The thing started in Cincinnati three years ago when Herbert Coates, a big importer handling many American products in Uruguay, found himself idle because the town was full of Rotarians attending their national convention and nobody had time for business. Mr. Coates is an Englishman who went rail-roading in Argentina more than thirty years ago and later set up in business for himself in Montevideo. But he is also a Yankee in spirit, because years ago the American Methodists in Argentina sent him to the United States to represent them in conference, and since then he has handled American lines.

This was his first contact with Rotary. He knew that Americans chased dollars, but here were thousands of broad-gauged business men giving their time to something else. He went along to see what they were doing and discovered that Americans also chased ideals.

#### ROTARIAN SPIRIT APPEALS

THE Rotarian spirit permeated him to such a degree that he started organizing a club in Montevideo as soon as he got home, and this organization, dating from July 12, 1918, now has thirty-five members. It is not simply a Rotary Club of Americans set down in South America, but one of Uruguayans, who are catching the spirit of fellowship and service characteristic of our business life, and through it learning something new about themselves as well as about us. As the Yankee, finding the Latin American



occupied chiefly with the amenities of life, asks, "When does he do business?" so the Latin American in the United States, finding the Yankee absorbed in business, asks, "When does he live?" In movements like Rotary the Latin American is finding the answer.

It is not easy for the Latin American to turn himself into a Rotarian. In some cases it means turning himself into a boy at sixty, and that is often hard at thirty, because the Latin American is a serious man and values dignity, and is grown up racially as well as temperamentally and is formal even in his play. But strange new liberating influences are at work on the southern continent, breaking down formalities and barriers for the women as well as the men, and Rotary is one of them.

At home Rotarians make a deliberate cult of informality, calling the other fellow "Jim" and "George" and calling all the Jims to their feet and then the Georges at their noonday lunches. But this would be going entirely too far for Latin Americans, because the latter use a special prefix of respect even before the other fellow's first name. So at the Montevideo Rotary Club's noonday meeting it is "Don Jaime" and "Don Jorge." To distinguish them under these clipped titles they are numbered according to precedence in membership, Don Jaime Primero, Don Jorge Segundo, Don Enrique Tercero, and so on.

#### SING ROTARY SONGS

**N**OONDAY luncheons are held twice a month. Rotarian songs are translated into Spanish and sung to the accompaniment of Rotarian Herman de Anguera's slide trombone. Don Herman is secretary of the Montevideo Y. M. C. A., and as the slide trombone is almost unknown in South American bands he probably has the only "slip horn" in that part of the world. Singing livens and loosens up everybody, and Don Herman is applauded, and dared to try the long Uruguayan national anthem.

Here are some Rotarian songs in Spanish:

Rotary! Rotary!  
Somos los del Rotary,  
Rotary en Uruguay,  
Rotary! Rotary!  
Viva! Viva! Viva!  
ROTARY!

Eyl! Eyl! Estan aqui,  
Los Rotarianos,  
Buenos companeros,  
Eyl Eyl! Estan aqui,  
Listos a probar el chow!

The latter is simply our old irreverent friend, "Hail, Hail, the Gang's All Here!" There being no Spanish equivalent for "hail," it has been spelled phonetically, and "chow" also started on its career as a Spanish word for food. Lit-



erally it reads, "Hail, hail they are here, the Rotarians, good companions, ready to sample the chow." The boisterous chumminess of the original is a bit too shocking to the punctilious Latin American!

This club is rapidly becoming a clearing house for Yankee ideas and ideals. At each of the meetings there is a short talk, followed by a discussion, the subject being chosen largely according to circumstances. If there is any prominent visitor in town—a business man, rail-roader, admiral, bishop or whatnot—the club invites him to lunch and talk about his specialty, and learns something. Left to its own resources, some member talks and probably reveals wide knowledge along the line of his work, or hobbies, travel, studies. Some of the first subjects were a little academic—the history of the foundation of Montevideo, the architecture of Montevideo and so on. But presently the club was discussing the eight-hour day, social conditions in Uruguay, better houses for the working classes, commercial education, the encouragement of bigger wheat crops in the Oriental Republic, and subjects of like character.

#### PRACTICAL GOOD TO NATION

**P**ROBABLY this all sounds ordinary to ourselves—the sort of thing we have been doing for years. But it is starting many a peaceful revolution in Uruguay. As the direct outcome of a discussion on welfare work, for example, bonuses for efficiency are now being paid to employes on one of the Uruguayan railroads and suggestion boxes have been put all along the line, and the astounded engine driver, trackman and clerk have discovered that the company not only wants practical tips for improving the service, but actually pays for good ones. Another discussion led to the Montevideo Rotarians investigating the city's street arabs, raising a fund to give them a "blowout" and look after them on something like the "big brother" plan—one member, simply a salary earner, put 500 pesos in the pot, and it must be remembered that a Uruguayan peso is worth three cents more than our dollar. The little republic is, in fact, where we were ourselves a generation ago in the

same uplift, but through this clearing house it can receive our ideas and adapt them to its own use.

We have other spiritual exports going to Latin America.

Uruguay means to increase its wheat crop, and is interesting farmers with wheat demonstration trains, moving pictures, good seed wheat and other methods familiar to us. This dates back to an importation of Yankee agricultural experts some years ago, when the government brought down a squad of the best men obtainable in the United States and set them to work. There were farming and livestock specialists, a fishery expert and a couple of dry-farming men who caused considerable amusement because it rained almost steadily for six months after they arrived. Some of their specialties were a little too advanced for Uruguay's development, but others gave splendid service.

In Brazil wild Indians, taken out of the woods by Colonel Rondon, are sent to school to learn Portuguese, the three "R's" and a trade, and most of them go to an American Baptist institution, chosen by Colonel Rondon on its merit. This institution operates a large printing plant for the publication of textbooks, and is under the direction of a gentleman who is probably one of the few Jewish Baptists in captivity—Dr. Solomon L. Ginsberg. Other denominations of American churches are busy all over the southern continent with missionary work that is about one part theological and nine parts education and trade training. During the last few years a new word, "mitin," has been taken into the Spanish-American vocabulary. It is pronounced "meeteen," and is simply our old friend "meeting," the institution being as new as the word.

Yesterday if you got four bad little Latin-American boys together, lads of twelve to eighteen years, they would have about two and a half cheap revolvers between them and talk chiefly obscenity. Today they are more likely to talk sports and discuss motorcars, and gun-toting is not nearly so popular as it was—a practical result of Y. M. C. A. work in Latin-American cities, inaugurated by Yankees and still largely directed by them, with the heartiest teamwork from forward-looking Brazilians, Uruguayans, Argentinos and so on.

Some of our best exports come in human packages.

The Latin American is naturally an idealist and puts a high value upon service.

Through such spiritual exports he is getting unsuspected values from the northern continent and finding them directly applicable in his everyday life, and it is becoming harder every day to maintain the notion that Yankees are dollar chasers, because he is finding out where we really live.





## ARTICLE LXVI

CANNED CORNED BEEF  
A NEGLECTED WAR BABY

MONTEVIDEO, Jan. 7.—Far up the river in Paraguay there is an American packing house. It did not exist before the war, because it was built, like many others, to transform the half-wild cattle of an undeveloped country into the soldier's "iron rations."

Now that the war is over, some American advertising men may soon find a job in London introducing iron rations into the British household by means of the printed word. Chicago, Paraguay and the British household are a mutually dependent triangle in the matter—and so things go in world trade.

Iron rations were chiefly our old friend at home—canned corned beef.

Europe knew little about the article before the war, but the fighting men quickly learned to like it and ate millions of cans, and packing houses were built in many of the back lots of the world to supply it. For example, Florida today has a growing livestock industry and a big packing house in Jacksonville because the little worried cattle that roamed her woods and sand wastes were good for canning, though little else, and the packers took them, and that started a livestock market and Florida lost no time in switching over to real cattle, and hogs, and even sheep.

A modern packing plant needs cattle, hogs and sheep for profitable operation, to make sausage and other specialties of the butcher shop and work up the by-products which are the real basis of the industry. In wild cattle countries like Paraguay, without animals fit for chilled beef and few hogs or sheep, a packing plant can run on only one product—canned corn beef. Keep such a factory going a few years, providing a dependable world market for cattle, and the country will soon develop the prime beef, pork and mutton for a real packing plant. But if household demand for this article is not created, then the canneries out in the world's back lots must close down and development stop and the world's supply shrink.

## CANNED BEEF IS TOP VALUE

THERE is only one other resource—to make "xarque." This is the "jerked beef" of the Wild West story familiar in days when buffalo roamed our plains. In South America it is mildly pickled and dried in the sun, and makes good food for strong stomachs. Millions of pounds of it are eaten in South America and the West Indies, but it is not conceivable that any amount of advertising could make it palatable to Europe or the United States, and the xarque industry does not encourage improvement in livestock raising.

Canned corn beef, on the other hand, is a delicacy, and comes pretty near being the best value that one can buy in meat nowadays. The advertising man will find it full of copy possibilities. Buy a piece of fresh beef in the butcher shop and you get about 15 per cent protein, and pay for bone and sinew. Buy a can



SUGAR-CANE FACTORY NEAR ASUNCION

of corned beef and you get 20 per cent protein, without any bone or sinew at all. When the butcher cuts up a carcass there are trimmings that go into the tackage and soap vats. But in a corned beef cannery the whole animal is utilized except bone and sinew. The latter make up 25 per cent, so that a "canner" yields 75 per cent good food.

Sixty pounds of canned beef are the equivalent of 100 pounds of fresh meat without bone or sinew. Cooking is done with steam under pressure of five to seven pounds. This gives a temperature of 230 degrees Fahrenheit, so that the toughest meat is made tender and palatable. No such results are possible with the kitchen stove, no matter how clever the cook, for boiling cannot exceed a temperature of 212 degrees. Factory corned beef is put into the cans under pressure, so that it is heaping measure for the money. This is done to exclude all air, and after sealing the cans are stored six weeks and

inspected, so that every tin which is short in the slightest degree will be detected through swelling and rejected. Factory cooking is surgically clean, with steam sterilization, sealing under vacuum, and such refinements as clean clothes daily and bathing facilities, and even manicuring for the workers who handle the product.

A full pound of canned corned beef contains so much meat that it is too large for the average family. So the standard household tin contains twelve ounces. One pound of fresh beef will not go very far in feeding the average family, but a twelve-ounce can of corned beef made into sandwiches or cooked with cabbage or as hash will make a full meal for five people. At forty cents retail the British household cannot buy anything like the value in fresh meat, and the tinned article virtually eliminates cooking cost.

That is the advertising story, and the ad man's part in the triangle will be to put it strongly before 'Arry and 'Arriet and maybe Francois and Giuseppe and the German Michel. On the Continent people have learned the economy of sausage through ages of frugal living. Canned corned beef is a Yankee variation of sausage and probably calls for missionary work along that parallel. For restaurants the six-pound can is even more economical.

South American corned beef also has development possibilities in the United States, for it is of superior quality. Lacking a highly specialized market for all sorts of cuts in South America, the packers are able to use fatter meat for this article than is the case at home, even where they ship chilled beef to Europe. Argentina, Brazil and Uruguay have big frigerificos, but it is usually impossible to buy a cold-storage steak or roast in those countries, because the entire output goes abroad by the shipload and local butchers have only freshly killed meat supplied to them through entirely different channels.

## MARKET MUST REMAIN

BEING a war baby, South America corned beef grew up overnight into a giant, with millions of customers in khaki. When these customers demobilized there arose the problem of reaching them through other means. The ad-



justment emergency came upon the industry so quickly that some of the canneries have been forced to turn to xarque, especially in Paraguay, where cattle do not yield chilled beef, as there are yet no facilities for bringing it down to ocean ports.

Prosperous Cuba offers a big market for "tasajo," as the product is called there, and the packers find it profitable to make xarque even at the seaboard. But building new connections with the European demand and taking advantage of the soldier's familiarity with canned meat to introduce it into his home is the big way of solving the problem.

The advertising of this product must be backed by new distribution machinery. Fresh meat is sold by the butcher, but tinned meat by the grocer. For lack of volume, the grocers abroad, and to a large extent in the United States, tax a fancy profit on canned corned beef. When he is persuaded to regard it as a staple instead of a specialty he can reduce his margin, increase his turnover, make more money and give his customers better food value. There is no reason why he should not sell it to thrifty housewives by the dozen cans and the case when the economy and quality of this food article are made clear to the public.

During the 1918 epidemic of Spanish influenza in Rio de Janeiro the city food supply was paralyzed and thousands of families faced famine. A case of canned corned beef in the pantry would have

carried them through the emergency comfortably. A food reserve would be excellent famine insurance.

Turning this awkward war baby into a useful world citizen is a problem of precisely the kind that the American pack-

## ARTICLE LXVII URUGUAY'S "BIG MEN" RANK AMONG BIGGEST

MONTEVIDEO, Jan. 9.—When Mr. Root visited Uruguay some years ago he spoke of Washington, San

Martin and Bolivar as the liberators of the American hemisphere. The sensitive Uruguayans protested courteously because their liberator was not included—Artigas, Uruguay's Washington and the father of their country. To know something about the history of even a little country like this republic is as useful in doing business with it as to the visiting diplomat.

When Argentina began to fight for freedom from Spanish rule in the early part of the last century, Uruguay took fire patriotically. Captain Don Jose Artigas (afterward general, born in Montevideo in 1764) was an influential officer in a cavalry regiment of Uruguayan rough riders in the Spanish service, noted for his bravery. Accused of plundering by the Spanish governor, Artigas raised his famous "Grito de Asencio," or cry of freedom, led his band over into Buenos Aires in 1811 and, gathering Argentinos as well as Uruguayans, returned and laid siege to Montevideo, and for several years fought Spaniards, Brazilians and even Ar-

gentinos, though at times the latter were his allies. He was a "caudillo," a cowboy chief, a rough leader of rough men, whom legend has credited with a previous career as a bandit of the Robin



MUNICIPAL BUILDING IN ASUNCION

ers have solved at home again and again through consumer advertising, improved distribution and the building up of volume. What they have done at home can be done just as well on the Chicago-Paraguay-British triangle.



Hood order, and his treatment of enemies anticipated "frightfulness."

One barbarous device, the "waistcoat," consisted of sewing your enemy up in a fresh bullock hide and putting him out in the sun, crushing out his life as the hide dries and contracts. But Artigas had the first clear vision of independence for Uruguay instead of as a province of Argentina. In 1813 he virtually declared independence by sending Uruguayan delegates to a constituent assembly in Buenos Aires, instructing them to that effect—this led to a break with Argentina. He adopted the title of "Protector of Free People," captured Montevideo in 1814 with the aid of a naval force from Argentina under the Irish-Argentino Admiral Brown, cleared the city of Spaniards and Argentinos only to be defeated some years later by the Brazilians, who, in secret league with the Argentinos, who feared Uruguay as a neighbor, swept down and occupied the whole country, Montevideo included. Discouraged, he sought an asylum in Paraguay under the Dictator Francia and died there in 1850.

#### WON INDEPENDENCE TWICE

THE next episode in Uruguay's history was that of the famous "Tretinany Tres" or "thirty-three." In 1825 word came to Buenos Aires that the last vestiges of Spanish power had been broken in Peru, and the Argentinos naturally held a big celebration. This was so sorrowful an occasion for the Uruguayans in Buenos Aires, reminded of their own domination by the Brazilian Empire, that a band of thirty-three, led by Colonel Juan Antonio Lavalleja, started for Uruguay with a tricolored flag bearing the motto, "Liberty or Death." Picking up another handful of patriots, they took a small town. General Fructuoso Rivera, one of Artigas's old lieutenants, being then in command of the Uruguayan army under the Brazilians, was sent against the invaders, but promptly joined them. Whereupon all Uruguay arose, an independent government was established, and three years of fighting followed. Admiral Brown came back and defeated the Brazilian fleet, for the Argentine Government became involved. Finally the Brazilians were defeated in the chief battle of this war on the plains of Ituzaingo and in 1828 both Brazil and Argentina acknowledged Uruguay's independence.

So the little country was compelled to win its freedom twice, and Artigas and the Thirty-three are the great figures in its history—the day of the Tretinany Tres is one of Uruguay's national holidays.

Independence did not bring peace. General Lavalleja had expected to become president, but when General Rivera was elected instead Lavalleja led a revolt, but was defeated and driven into Brazil. Then General Manuel Oribe, one of the Thirty-three, was elected president, combined with Lavalleja against Rivera, and strife was continuous until the seventies, with sporadic revolutions as late as 1904. The two original factions of Rivera and the Lavalleja-Oribe combination had crystallized into two parties, the Colorados and Blancos, or Reds and Whites, and fighting often persisted without clear issues. One of the bloodiest conflicts, known as the "Great War," from 1843 to 1851, was continued chiefly because neither side would quit, and peace was finally made with a phrase, "No hay vencidos y no hay vencedores"—there are no victors and no vanquished. Even today the Uruguayan is not merely a Colorado or Nacionalista (the present title of the Blancos), but is born that way, and political feeling is so deep that strangers innocently wearing a red necktie into Blanco territory have been viewed with suspicion. In the political wars prisoners were seldom taken—the best sort of political opponent being regarded as a dead one.

#### PROGRESS DESPITE STRIFE

THERE are some other great names in Uruguay's history, of which two may be mentioned. One is Garibaldi, afterward the Italian patriot, who lived in Montevideo and commanded an Uruguayan squadron in 1842, when the Argentine dictator Rosas was being overthrown. But the other never visited Uruguay, yet contributed more to her welfare than many of her own sons. He was von Liebig, the German chemist, who invented extract of beef and thus first provided an export market for Uruguay's cattle. In 1861 a small experimental plant was set up in Uruguay, samples made and approved by Liebig. Then the revolutionary curve began to fall during the next ten years, as the meat extract production curve steadily rose

from a few hundred animals yearly to more than 100,000. By the seventies cattle raisers were getting \$2,000,000 a year out of this industry, employes \$200,000 in wages and the government \$100,000 export duties. Taking an engineering view of history those two curves plotted side by side would be most significant.

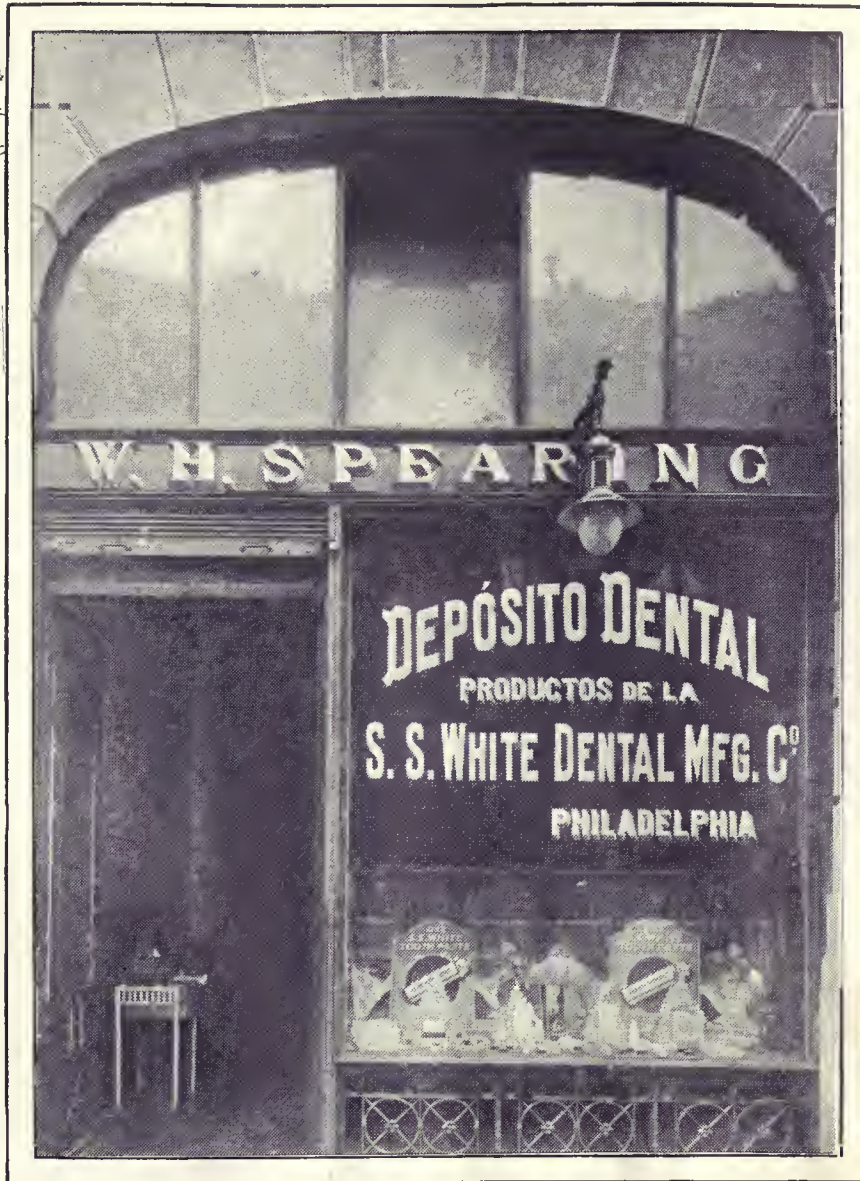
It is often thought paradoxical that Uruguay should have gone ahead so steadily in material things while torn by internal strife. But both the country and the people have been solid at bottom. Foreign capital has been safe, and the wool and chilled meat industries have added to prosperity. Fighting was the chief outdoor sport in days before Montevideo became an export gateway to the world, but with cattle bringing eight cents a pound on the hoof, sheep ten cents, wool fifty cents and hides seven cents, politics nowadays is fought out in newspaper editorials and at the polls.

One of Uruguay's biggest men is still alive and decidedly active—Senor Jose Battle y Ordonez, twice president of the republic and a strong leader in its affairs since the eighties. Battle is a "caudillo," a soldier, an editor, an administrator, a political boss, and at times has been virtually a dictator. Now sixty-three years old, he first took a hand in Uruguay politics as an editor in 1881, opposing President Santos, organized a revolution against him, was defeated, and then started a daily paper of his own, *El Dia*, which is still his personal organ. Then he became governor of a department, organized the Colorado party so successfully that the opposition has never elected a president in his time, and in 1903 was elected president, an office his father had held before him. Uruguay's presidents can only hold office for two terms, and those not consecutively. Battle was elected again in 1911, and between his terms, as well as subsequently, and even before he rose to the executive power, was credited with practically naming other presidents, controlling Congress, which elects the chief magistrate. He fought the Blancos in the revolution of 1904 and defeated them, but while his rule has been unwavering, and his will of iron, the country has prospered under him and he has been the father of much wise legislation—the eight-hour law, divorce law, disestablishment of the church, reform of the constitution, and the building up of industries and education.





# Chile



*"Made in Philadelphia" in Far Away Santiago*

## ARTICLE LXVIII

### FOURTH CAPITAL CITY HAS NO U. S. CONSUL

**SANTIAGO, Chile, Jan. 11.**—Of all people in South America, the Chileans are supposed to like Yankees least. There was an occasion, a generation ago, when Uncle Sam gave Chile a diplomatic spanking, a matter of indemnity for some American sailors who got killed trying to kill some Chilean sailors. We have forgotten, but not the Chilenos. There is the Monroe Doctrine, and some American concerns have dealt with Chileans on slap-dash lines, and other irritations have occurred from time to time.

We rather return the compliments, however.

Americans who claim to know Chile will warn you in advance that it is anti-American and pro-German; that it is a country of thieves and drunkards, and so on. Travelers' gossip about any country is subject to heavy discount, but of no country in South America is there so much travelers' gossip as about Chile, and the Yankee is more than likely to cross the border with prejudice, if not apprehension.

If he crosses by railroad from Argentina these days the supposed pro-German character of Chile will impress him first of all, for the train from Buenos

Aires will be filled largely with Germans. They speak German and look very German and hustle for seats on the crowded narrow-gauge train when cars are changed at Mendoza and pile their luggage where you want to put yours and are straight from the fatherland, via Holland.

"They're traveling again," whispers the Britisher, nudging the Yankee, and the Briton and the Yank are instinctively drawn closer to each other.

But presently the Yankee, listening to these passengers from the Fatherland, discovers that their German is not the language of Germany at all, but much like the German one hears in Milwau-



kee or Cincinnati, with some honest Pennsylvania Dutch expressions. They drop into Spanish, too, from time to time, and look like our German Americans, and one discovers presently that most of them are Chileno-Germans who were caught in Europe by the war, and are returning to Chile, where they were born.

#### CHILENOS LOOK TO U. S.

**A**RRIVING in Santiago, one finds German influence strong. There are German names, German faces, German business houses and banks, and the German language is often spoken. But census figures give only 10,000 real Germans in Chile's population of 5,000,000, and of the 30,000 "Deutschers" in the two southern provinces where they are strongest, more than two-thirds were born in Chile. As in the United States, the Kaiser counted heavily on his assumed colony in Chile, and tried to kick up a rumpus through propaganda, but unsuccessfully, because many of the original Germans in Chile were the liberty-loving revolutionists of 1848. German officers have trained the Chilean army, which, like that of Argentina, still wears uniforms suggesting the Prussians. German professors have taught in the Chilean universities. But the Chileans protest that these instructors simply filled contracts and imparted no influence, and that their country, which officially went great lengths to preserve neutrality during the war, was popularly pro-Ally, and especially pro-French, and that today Chile looks chiefly to France, England and the United States for its technical standards and its business.

Once in actual contact with the Chileno in his own country, an American is bound to begin liking him. First of all, there is "pep" in the climate, as contrasted with the feeling of "no importancia" in the east coast air. The Chileno is a big chap physically, living in a long sliver of a country with so many geographical handicaps to be overcome that he has had to work like a Scotchman, and is in some respects the "Sawndie" of Latin America. In some of the other southern countries the young men use as much face powder and perfume as the girls, but not the Chileno! He is not afraid to get his hands dirty. His long coast line has made him a sailor, and long years of battle, during which he wrested his country from the Araucanian Indians, made him a soldier. When the Yankee newly arrived from the east coast steps out of the way of an automobile driven by a bareheaded Chilean girl, he realizes with astonishment that he has reached a different kind of Latin-American country—many of the girls drive their own cars in Santiago, and the boys drive Fords fitted up with sport bodies, where some of the other Latin-American youth would fit them with

brass gewgaws and chauffeurs. The Chileno unquestionably leads all the other Latin Americans in sports, playing the old Araucanian game of "chueca," an Indian hockey, with football, swimming, shooting, riding, fox hunting, polo, skiing and winter sports, motoring, aviation, fencing and even boxing.

#### UNPLEASANTNESS FADING

**I**F THERE is any dislike of Americans, it must be far under the surface.

The Chileno frankly reminds us that on several occasions in the past we have hurt his national pride. The "Baltimore affair" between Yankee gobs and Chileno sailors was one, and our attitude during the war between Chile and Peru and Bolivia, together with Chile's only revolution in 1891, were others. The Monroe Doctrine has worried him because he doesn't care to be patronized by a bigger country and feels capable of fighting his own battles, and, moreover, he has never been quite certain what this venerable doctrine really means—if we know ourselves. But a new day began in 1914, with the A B C conference over Mexico's troubles. Then came the opening of the Panama Canal, giving Chile shorter routes to the markets of the United States and Europe. The war further clarified our attitude, and the visit of Colonel Roosevelt, the utterances of President Wilson and the steps we took during the war to give Chileans frank information about ourselves have brought about better acquaintance and new understanding.

Despite the fact that Chilenos in the country districts are good customers of the dramshop, our last drinking records outdistanced them.

One charge of the gossiping traveler has a good foundation—that theft is very common in Chile. The unwary citizen's bank roll is taken from his hip pocket by light-fingered gentry, automobile tires and accessories disappear as if by magic, baggage is stolen unless carefully watched, or sometimes broken open in transit, and professional criminals ply their trades with a diligence and skill that suggests—some of our own cities!

#### ANTI-THIEVING EDUCATION

**B**UT it is the amateur thief who gives the most trouble—the pilferer of trifles in shops, factories and streets. At a big railroad works under construction outside of Santiago guards had to be posted near electrical machinery, from which every detachable piece of brass, such as nuts and washers, was stolen.



Ordinary nails disappeared by the kegs, but mysteriously, until it was found that workmen were carrying them away a few ounces at a time, and finally accumulated a thousand pounds, which they pooled for sale. The raggedest laborer's coat disappears if left out of sight for a moment, and nothing seems too small to be picked up if it will sell for a few centavos.

Two explanations are given, and two remedies.

The Chilean authorities find a close connection between theft and illiteracy, and plan to improve the morals of their people by education.

American engineers who have worked with Chilenos on construction jobs and in the mines and nitrate fields connect theft with the pitifully low wages which are still standard in the country. When a strong man, capable of walking with two hundred-pound loads on his shoulders, is paid only sixty to eighty cents a day, old brass and old rags or almost anything that has value is picked up, and the very fact that it can be picked up, the Americans say, is ample justification for doing so. Their way of reducing theft has been to raise wages.

Santiago is the fourth largest city in South America, with a population approaching half a million. Part of the prosperous west coast colonies of Spain in days when Argentina was poor, it received more Spaniards, and these of the official classes, and this closer contact is still in evidence in the good Spanish spoken by the people. It has, among other institutions popularly supposed to have come out of the great war, the "conductorette," or woman "cobrador," on its street cars. They date from the war with Peru and Bolivia, in 1879, when they took the places of men going to the front. Many of them, old enough to be grandmothers, are perhaps the original conductorettes who stepped in to aid their country forty years ago, and are collecting fares on the same cars. Philadelphia street car salesmen ought to investigate Santiago!

#### CITY NEEDS CONSULAR OFFICE

**A**T FIVE minutes to twelve every business day Santiago's downtown streets are thronged. But within five minutes after the noonday gun booms out on the Cerro Santa Lucia shop shutters are down, and the streets look like lower Broadway on Sunday—everybody goes home to lunch, returning about two. Santiago is not an all-night town, like Buenos Aires, and has few hotels and restaurants. But it is ambitiously building the first real Yankee skyscraper in South America, an office building of fourteen stories, and wants a Yankee hotel. Its American colony is rapidly growing, and its people speak English to a far greater extent than those of Rio de Janeiro or Buenos Aires.



If Santiago is a fair sample of Chile, then the Chilenos have many things in common with us, and future acquaintance should make impossible the misunderstandings and slights of the past.

But one practical step toward getting better acquainted should be taken by Uncle Sam, and immediately—that of sending a United States consul to Santiago for convenience in doing business.

For, strange as it may seem, the fourth largest city in South America has no American consul, though it is the capital of a country that sells us half its exports and buys from us 42 per cent of its imports. It is the official post of our ambassador to Chile, but the United States consul general is stationed at Valparaiso, the chief seaport. As this is four hours away by express trains, it is equivalent to going from New York to either Boston or Washington for the fiscalization of papers and other important details.

#### ART. LXIX

### CHILE NEEDS YANKEES

**SANTIAGO,**  
Chile, Jan. 13.  
—When it comes to selling more of our goods to Chile and the west coast generally, two things seem to be needed first of all, according to men familiar with that side of South America:

First. More representative American business men and salesmen living in those countries familiar with the people and their ways.

Second. Better grades of American goods to offset heavy bulk stuff which puts us at a disadvantage in ocean freights.

East and west coast business differs radically. The east coast countries have the volume and the population. The imports of either Argentina or Brazil aggregate more than those of Chile, Peru and Bolivia combined, and the total population of these last-named countries is less than half that of Brazil.

So while the branches and direct agencies for American concerns are many in Rio de Janeiro and Buenos Aires, and their American colonies large, most of our business on the west coast is handled by big importing concerns, and it is estimated that the number of Americans engaged in commercial business in Santiago and Valparaiso exceeds one hundred, but probably does not number 200.

The largest and most representative American house in Chile is that of W. R. Grace & Co. This organization handles American merchandise as well as Euro-

pean lines, exports the raw products of Chile and other countries, does a banking business, runs its own freight and passenger ships to the United States and carries on a business that is diversified and world-wide. It is the flexible general store system adapted to the needs of the smaller, less developed countries, carried to world scale magnitude, ready to buy, sell, lend, ship or do anything else which may be needed under the widest range of circumstances. In one department typewriters and adding machines are handled, in another coal by the ship-

#### U. S. TRAINED MEN

**IN COUNTRIES** too small for direct representation, the American manufacturer is often given the next best thing for such an organization. A specific instance is the Chilean International Machinery Co., one of the Grace subsidiaries. Originally there was a department for handling American electrical apparatus, railroad equipment, machine tools, mining machinery and heavy stuff generally. Half a dozen technical men in that department were set up independently, with a new corporation, and told to make the business self-supporting. In seven years they have increased the staff to 100, have much of the business in Chile and Bolivia, and are reaching out to Brazil and Argentina.

This concern was started originally in Peru by William R. Grace, in the fifties. Mr. Grace was an Englishman, but began handling American goods, became a citizen of the United States, and was active in looking after Uncle Sam's naval interests during the Civil War. It has since

grown strong on the west coast, with twenty branches in Chile, twenty-five in Peru, ten in Bolivia and twenty-five in Central America and the West Indies. Recently it has been extended to the east coast and the Orient.

The Yankee from home is somewhat astonished when he discovers that the management, in Chile at least, is chiefly in the hands of Britishers. That is, they speak with a British accent and the downrightness of the Scot and North Countryman. But usually they have been in South America the greater part



SANTIAGO, CHILE'S CAPITAL, FROM CAUPOLITAN HILL, ON WHICH THE CITY ORIGINALLY WAS FOUNDED

grown strong on the west coast, with twenty branches in Chile, twenty-five in Peru, ten in Bolivia and twenty-five in Central America and the West Indies. Recently it has been extended to the east coast and the Orient.



of their lives, having "come out" as striplings and settled down to serve their working lives in the solid, contented British way. Some of them have been born in the countries where they live. Many of the employes, salesmen and department heads are natives of the country where business is done, and there is a definite increase in the numbers of that highly useful chap, the Latin American with experience in the United States.

"We are greatly handicapped by lack of Americans who know merchandising or are willing to come to these countries and learn it," said one of the Grace managers in explanation of this state of affairs. "Up to 1916 there were so many opportunities for young men in the United States, and world trade had made so little impression upon American imagination, that we got virtually no Americans of the right class. Things are a little better now, yet it seems as though the first-rate Yankee hardly begins to develop down here before he is drafted by our home organization in the United States.

"The salesman or merchandise man in the United States meets the competition chiefly of other American concerns, but in a country like Chile he must learn to compete with the world, and that involves a much wider knowledge of goods, prices and special preferences. In the United States he may be concentrating on a single line, whereas here he may have to know and handle many lines. It might be necessary for him to spend a year studying technicalities in a subordinate position before he can be sent out to deal with customers at all."

#### OCEAN RATES TOO HIGH

ANOTHER handicap in the expansion of American merchandise sales on the west coast is the higher ocean freights on our shipments as compared with those of Europe, a situation which, once generally understood in the United States,

can probably be corrected, though slowly, by teamwork among manufacturers, exporters, salesmen and representatives in the Latin-American countries.

Ocean freight rates, like those on the railroad, are made according to the value and bulk of the merchandise. Great Britain and Europe normally ship a large percentage of fine products, such as silk goods, laces, watches, jewelry, wines, liquors, cutlery, pharmaceuticals, fancy food products, bric-a-brac, the "article de Paris" and so on. On such shipments first-class freight rates are changed; and, as they pay twice as much per ton as the heavier bulk freights carried under sec-

tiles, many of them silks, laces and fine garments. We sold her only 800,000 pesos' worth of textiles, while England sold 12,000,000 pesos, Germany 7,000,000 pesos, France 2,000,000—even little Belgium beat us on the fine stuff!

We need more first-class freight on our ships to even things up.

We have succeeded in selling our best products to the Latin American in his business, equipping him with adding machines, typewriters, cash registers, computing scales, card-index systems. But we haven't yet reached his womenkind at home, although they are the most liberal purchasers of fine raiment and house fit-

tings in the world and have a definite liking for our pretty things, which they keep track of in our fashion and home-making magazines and in our movies. We haven't reached the Latin-American man with the American idea in clothes, either, though he is beginning to admire American snap and color.

The sort of products that make first-class ocean freight are much the same as those that comprise one-third of our express shipments at home—fine merchandise of every sort being rushed in small lots to retailers to replenish exhausted stock and give maximum turnover of the merchant's capital. It is the sort of stuff that calls



ENTRANCE TO SUPREME COURT BUILDING IN SANTIAGO, GIVING GENERAL IDEA OF ARCHITECTURAL ELEGANCE OF CHILEAN BUILDINGS

ond-class and third-class rates, a thousand tons of such merchandise goes far toward paying the expenses of the voyage and makes possible a corresponding reduction of rates on heavier freight.

Our business with Latin America thus far has been chiefly in machinery, steel, foodstuffs, lumber, coal and other bulk commodities. It averages nearer third class than second. For example, in the last year of normal trade before the war our biggest sale to Chile was fuel oil, paint and varnish, measured in pesos, and after that came mineral products, machinery and foodstuffs. But the biggest item of Chile's import purchases was tex-

for close adaptation to the customer's individual taste, and for salesmanship, and service, and consumer-advertising. It cannot be landed in world markets by the shipload, even by the nations that are older in world trade. Some of it we cannot make at all—the laces and lingerie of Europe's cottage industries, for instance. But we make many articles that can be introduced abroad and gradually built up to volume if we will only look upon Santiago, Chile, as we do Kansas City, and make the effort and spend the money for development of markets.



## ARTICLE LXX

PANAMA CANAL OPENS  
WAY TO CHILE TRADE

**SANTIAGO**, Chile, Jan. 15.—To us the Panama canal is chiefly a big ditch and we are not quite certain yet what it is going to do for us.

But to the Chileans it is also a big idea and a national inspiration. They have been dreaming and planning, charting and getting ready, ever since we started to make the dirt fly. Likewise they have taken a fresh inventory of us Yankees and written off a good many false notions about us, and there is a new understanding, ripening into friendship, which has been brought about by the canal more than by any other single factor.

Without the canal Chile was the second farthest country in South America, except one, after you turned the windy Cape Horn corner.

With the canal she is closer to New York than most of the east coast ports, and her northern ports are nearer Europe.

So she is getting ready to cash in on our big ditch in a half dozen different ways—port improvements, more railroads, more merchant ships, increased manufacturing and farming. For every dollar that we invested in the canal Chile can put a peso to work and make profit. She will come to us for some of the pesos, and for equipment, and also for technical men and aid in marketing her increased output of soil products, minerals and perhaps even manufactures of certain kind.

There are many places in Chile where Americans can take hold with capital, helping in the development of the raw resources of the country.

## POSSIBILITIES VARIED

**IT IS** really several countries in one, each with different possibilities. Nearly 3000 miles long and averaging only a little more than 100 miles wide, the geography books divide it into three zones—the northern desert with its nitrates, the central portion with its cattle and farming lands and the chief cities, and the south, where there are great for-

ests and boundless sheep ranges. But the Andes on the east are another zone, rich in minerals and in many places hardly prospected, while the thousands of miles of coast furnish the basis for a great fishing industry, and have also coal, and probably oil. One of the romances of Chile was the development of coal mining in Lota through the faith of Matias Cousino, who bored for it, followed the seams out under the ocean, turned a sleepy little fishing village into a manufacturing town of 15,000 persons, and left one of the largest fortunes in South America.

Chile burns about 3,000,000 tons of coal yearly in normal times. Why should she buy more than half of it from England and the United States? With capital and efficient mining methods she could

empty ships with new products such as paper pulp made in her lumber country.

## TARIFF BENEFITS DIVIDED

**CHILE** exports nearly 100,000 tons of copper, much of it mined by Americans, who have applied methods developed in our West for working low-grade deposits, where formerly, with absence of transportation, nothing under 10 per cent ore was considered valuable in Chile. With capital, much of this copper might be worked up into manufactured products—a specific opportunity pointed out by an American engineer in the establishment of a wire mill, utilizing Chile's moderate-priced labor.

The traveler reaching Chile from the east coast countries finds that imported articles are cheaper than in Brazil or Argentina. Clothing and like necessities are in some cases on a level with New York prices. This is due, he learns, to Chile's revenue from export duties on nitrates, which make import duties on merchandise more reasonable than in other Latin-American countries.

Now, from nitrates ammonia can be made. Large quantities of ammonia are used in South America for refrigeration. If ammonia were made in Chile there would be customers for it there, and in Brazil, Argentina, Peru and other countries develop-

ing livestock and packing houses. Ice is still an expensive luxury in most South American cities and in the small towns and country districts virtually unknown. If capital began making ammonia from the Chilean nitrates it would probably go on developing the artificial ice business in towns all over South America—the opportunity is there.

Chile raises two kinds of wool—short staple in her central provinces and long staple in the colder country down near Magellan Strait. She also has some woolen mills that weave good cloth and knit underwear and sweaters. These mills import all their woolen yarn, however. And for a curious reason. The short staple wool alone does not make good yarn. Yet virtually the whole crop of long staple is sold by the big ranchers



CORNER OF AGRICULTURAL COLLEGE GLIMPSED THROUGH SANTIAGO'S PUBLIC PARK

probably sell coal to Peru, Bolivia and Argentina.

She imports pine lumber, while great virgin forests of pine await the saw mill in her southern provinces, and the production of railroad ties, beams, boards, mine props and rough stuff generally is one of the most attractive opportunities in Chile today, with lumber markets all around her.

Ship tonnage to Chile comes nearer balancing than is the case with Brazil and Argentina, because there are always nitrates waiting to fill a ship returning to the United States or Europe, and also other bulk commodities like ore and concentrates. In fact, Chile could often use more tonnage for her exports. But if her purchases of goods threw the balance the other way, it would be easy to fill



to foreign buyers, who ship it all abroad, and so it does not become available for the Chilean mills until made into yarn and brought back. Capital invested in a wool-washing plant in the south would benefit Chile in two ways, it is said by Americans who have investigated her industrial and financial needs. First, make it possible for spinning men to make their own woolen yarns; second, enable the wool growers to send their product to market clean and well graded, and so realize better prices.

#### CANAL A TRADE MAKER

**T**HERE are opportunities for manufacturing in Chile. The country offers coal, raw materials and labor at wages that give marked advantages over some of the larger industrial countries. Most of the existing factories make products consumed locally, such as food articles, drinks, cigarettes, confectionery, furniture, pottery and the like. But there is room for expansion in textiles, clothing, leather, footwear and articles which are not now made in sufficient quantities to supply demand.

Chile is going ahead in education faster than any Latin-American country. Some years ago the government designed a standard schoolhouse, adapted to construction on the unit plan, and started to build it in more than 5000 places throughout the country, adapting the size to the communities, and 1300 of them have been built already. On the teaching side the former German system is being replaced with a synthetic one, taking what seemed best for Chile from French, English, Italian and American education. Scientific agriculture is taught at a big institute in Santiago, and a beginning is being made in irrigation for the development of land which will be sold on long payments to small farmers, as an offset to the great estates that are now the rule in Chile, too.

All this activity reflects Chile's interest in the Panama canal and the opportunity it is bringing her, and she plans not merely to sell so much more nitrate and copper, wool and hides and buy so many more tools and comforts from other countries, but to make the canal a basis for increasing the ability and living standards of her whole people.

Every time Chile sends a ship through the Panama canal, loaded with her stuff, we will have a chance to send one back, loaded with our products. The east coast countries often lack bulky commodities with which to fill ships that bring them coal, steel, cement and other heavy stuff. But with a couple of million tons of nitrates to deliver to her customers every year, of which we buy 600,000 tons, Chile always has something to load into a returning ship.

The whole situation, viewed from Chile, has so many possibilities for the American manufacturer, banker, invest-

tor, salesman and shipowner, that they, too, had better get busy with the big idea that we built into our big ditch.

#### ARTICLE LXXI

#### CONTINENTAL SYSTEM OF RAILS IS PLANNED

**SANTIAGO, Chile, Jan. 17.**—A country built for Zeppelins and submarines, apparently.

That is Chile from the transportation standpoint.

Mountain and desert cut the long, scimitar-like nation into zones. It is difficult to make railroads connect with each other, much less run straight and standard—there are several different gauges in her 5000 miles of railroad. As for harbors, the great depth and unprotected nature of the entire west coast are notorious and make the construction of port works difficult.

However, enterprise and ambition are the usual characteristics of people living in a country like that, and Chile has them.

She built the first railroad in South America, barring one small line in British Guiana, which doesn't count. Or rather, she was the first southern country to see merit in the projects of a New England Yankee, William Wheelwright, who was wrecked on the coast of Argentina in the forties and has statues to his memory in both Chile and Argentina, because he was a pioneer in railroads and steamship development.

Today Chile stands third in railroad mileage, and has transportation plans that are truly continental. Some of the other southern countries have made mistakes in railroading, granting concessions to European promoters who have run railroads solely for dividends, not the development of the country. But Chile has built with a plan and kept control.

The plan has been to run a great longitudinal railway down the center of the country from the Peruvian border to Punta Arenas, like a spinal column, with branch lines running to the coast and the mountains like ribs. Most of this line is finished—only the two ends are still to be built. And 65 per cent of her railroads belong to the nation and are operated by the government. There are the usual shortcomings of government railroading—too many employees, deficits and the like—but Chile has kept control of transportation and made it work out her plans, even if she hasn't made it pay.



#### A RAIL CURIOSITY

**T**HE first purpose of the longitudinal railway was strategic—to place troops quickly wherever her long coast line was threatened. But the real values have been economic, and now if Chile can get capital from us the next five or ten years she proposes to connect her own producing regions with improved ports. More than that, she means to reach over into Argentina, Bolivia and even Brazil for freight traffic in their products, quoting them lower rates to the world's markets through the Panama canal. In this connection it is interesting to know that Chile is virtually alone in South America as a builder of international railroads. She has run her lines over into Bolivia and Argentina, and would probably have been in Peru as well were it not for international suspicion in that direction.

One of the railroad curiosities in the world is the Brazilian Madeira-Mamore line, on the boundaries of Brazil and Bolivia, 500 miles from any railroad connection. It bridges 200 miles of rapids, taking the products of the rich Bolivian and Brazilian montana region down the Madeira river to ocean steamers on the Amazon. More than forty years of repeated effort went to the building of this line—a Yankee job from the start in 1869, finally made possible by Yankee research in tropical diseases.

Now, with a short railroad extension from La Paz to Puerto Pando, in Bolivia, and later an extension to Villa Bella, it looks as though Chile may do for the Amazon what our railroads have done for the Mississippi. For the distance to tidewater from the Bolivian montana and the western Matto Grosso region in Brazil will be cut in half. The products already waiting transportation will bear a pretty good rate, being chiefly rubber and minerals. If Chile can quote rates low enough for development, that country should prosper with settlers, farming and livestock, and the traffic will go out of her port at Arica.

#### NEED FOR BETTER PORTS

**W**ITH three railroads already over the Andes, she is planning more to the north and the south, and they will be laid out with a view to freight transportation as well as passenger traffic—the present railroads carry a trifling amount of freight, viewed by our standards, because they run through difficult passes and in winter are sometimes blocked for months.

With ports, the same story. Along the Chilean coast there are fully sixty harbors, great and small, of which about two dozen have port works of some character, ranging from the busy cities of Valparaiso and Antofagasta down to minor places.

The two busiest harbors have been almost the worst in point of economy,



convenience and safety. Lying open to the ocean, with no docks, it has been expensive and damaging to load and unload ships from lighters. But both Valparaiso and Antofagasta are now being equipped with breakwaters, docks and port equipment, and work on several others is either under way or being planned.

Some of the neglected harbors have great possibilities. All Santiago's sea trade now goes through Valparaiso, but nearer at hand is the new port of San Antonio, which is being developed with extensive works. At the very bottom of the list for business among the two dozen ports of Chile are Puerto Constitucion and Puerto Saavedra. Constitucion is

the railroads can reach over into neighboring countries for traffic.

#### ROADS NEED CAPITAL

**T**O CARRY out her continental transportation plans Chile is looking eagerly to us for capital. At the present writing the construction work at Puerto Saavedra is open for contract. The terms followed hitherto give the job to a company that will build the port, finance the job and take the port duties for a term of years as compensation, under a guarantee of interest and capital from the government. At the end of the concession the port belongs to the government.

ers, however, the Chilean commissioners were unsuccessful, the chief difficulty being, apparently, the rate of interest offered. A Chilean Congress authorized a 5 per cent loan, but American banking sentiment favored 6 per cent, and the commissioners had no authority to increase the rate. It is believed that obstacles will be overcome and the money raised in New York, or, failing that, capital may be available in Spain.

Chile needs American railroad equipment, methods and viewpoint in carrying her transportation plans further. As her light German locomotives are replaced with heavy American locomotives, fuel cost comes down and longer trains can be hauled. But this necessitates



TRAIN CROSSING VIADUCT NEAR USPALLATA PASS

considered possibly the second or third most important future port in Chile, because it lies opposite four agricultural provinces that have no nearby ports, yet are growing in population and increasing their production of wheat, fruit, vegetables, wine and livestock. Puerto Saavedra, farther south, is in a similar position with reference to a rich lumber and sheep country.

As with railroads, Chile is improving her ports on a consistent plan. They are divided into three classes. Some are suited for coastwise trade, others for Chile's own export and import commerce, and still others are regarded as "ports of penetration," through which

The need of capital for her railroads is so great that last summer Chile sent a commission to the United States to borrow money. The state railways today have hardly one-third as much rolling stock and equipment as are needed to handle their growing traffic, and the enormous increase in fuel and labor costs during the war has caused a deficit. Money is needed to buy equipment first, and then build railroad extensions. If it is not forthcoming service on some of the state railroads may have to be suspended, it is said. The loan required amounts to \$30,000,000, and large orders for railway equipment would be given in the country where it is floated. After three months' negotiation with American bank-

stronger bridges and a better roadbed, and is probably the beginning of bigger cars, easier grades, standard gauge tracks and other improvements which will cut Chile's freight rates as they have cut ours. She understands her needs and is turning to the right shop to supply them.

#### ARTICLE LXXII

#### BANKS ARE ON WRONG FOREIGN TRADE TRACK

**SANTIAGO, Chile, Jan. 19.**—Because American banks and manufacturers are blindly grasping for immediate opportunities in world trade and reaching out for the sale in sight today,



and even the commission on the sale, they are killing our chances for world outlets tomorrow.

So says George L. Duval, an American merchant, who has been doing business in Chile since 1888 and whose views are certainly worth the consideration of the people who have been doing business with Chile and other Latin-American countries on the "cash in New York" basis since about 1916.

Nearly one hundred years ago—in 1827—a Boston merchant and ship-builder established a line of Yankee clippers between that city and Chile. His name was Augustus Hemingway, and he backed his ships with a mercantile house in Valparaiso which distributed American goods—introducing our cottons, woollens, shoes, machine tools, Yankee notions.

Among other things he introduced Yankee lamp oil into Chile when that replaced Yankee whale oil and candles.

In contrast, the Standard Oil Co. just the other day dodged the job of setting up American connections in Chile and made connections with a British distributing house!

August Hemingway did business with partners. When he died, after unsuccessful efforts to live up to the laws of his country and operate steamships under the American flag, the firm name was changed, according to surviving partners. It has changed through the years, as one partner succeeded another, until today, still a partnership, it is Wessel, Duval & Co., with houses in New York and throughout Chile. Temptations to turn it into a corporation have been resisted. It is one of the big American mercantile houses in Chile, handling many lines, among others Baldwin locomotives and Westinghouse airbrakes.

#### "GEORGE," THE MERCHANT

THE present junior partner is Jorge L. Duval—in the United States they call him "George." Going to Chile in 1888, a young New Yorker, he has since been living there most of the time. He saw then that American goods could not be sold to the Chilenos either by long distance or spasmodic methods. It required the merchant, actually living in the country and in close contact with the people.

So Jorge Duval became a merchant in that sense. He knows everybody in Chile from the president down, is prominent socially as well as in business, and is especially known for his charities. He is, in fact, the type of merchant who in world trade is sometimes spoken of as

"old-fashioned" by the brisker generation of today. And he is old-fashioned in the same sense as the solid, constructive British merchants of a generation or two ago, who laid the foundation of British world trade, were old-fashioned. Mr. Duval believes that merchants are absolutely indispensable in building American world trade, and the more old-fashioned the better. And he sees grave danger in the invasion of the merchant's field by American bankers and manufacturers.

"The merchant is more than a trader," he said to the writer. "He is a clearing house of information and a constructive developer of new country. In the days when British world trade was being built up the great acceptance and banking houses of London were called 'merchants,' and the actual traders whose operations they financed were known as 'commercial houses.' To broaden trade, these acceptance houses set up commercial men, and the latter, through this banking connection, had the highest credit and character. They went beyond selling and buying, finding capital for the development of industries like wool growing in Tierra del Fuego here in Chile. On their word, very often, the British banker and investor put money into railroads, trams, utilities, plantations and other enterprises in foreign countries. These investments increased the earning and buying power of the people in countries like the Latin-American republics, and consequently the sales of British manufactures increased.

"The British merchant has deteriorated. He changed under the pressure of German competition. He never went the same lengths as the Germans, who did not hesitate to gain advantages by corrupting customs officials, but many deplorable practices have crept in, in contrast to the high commercial honor of other days.



LOCOMOTIVE SHOPS FOR CHILEAN GOVERNMENT RAILWAYS  
BUILT BY U. S. CORPORATION

#### TRADING BANKS A "PLAGUE"

THE United States faces the same task of establishing world markets by the investment of capital in other countries, and further development of industries and buying

power, as a basis for selling its own products. In my experience the merchant is needed for that task. It cannot be done by the manufacturer at a distance. It cannot be done by the manufacturer's salesmen making occasional visits to other countries. It cannot be done by the banker nor the New York commission houses filling long-distance orders. It must be done by the merchant living on the spot, in touch with the people, creating channels for American goods, keeping those channels open and constantly enlarging them.

"Our goods are of such quality and so well liked in other countries that sales have shown a steady increase since our industrial spurt began in the nineties, though we have lacked facilities for world trade. Now with banks and ships and other tools we need merchants in keeping with our goods—men of the highest standards, who will not lower them in the competition which is coming as soon as industrial Europe rights itself.

"Unfortunately, neither our manufacturers nor bankers seem to realize that the merchant has his definite field in world trade, and that he should be intelligently supported therein. We have American banks actually competing with American merchants in the sale of goods for export, and American manufacturers endeavoring to represent themselves in countries where the merchant could represent them better. Worst of all, we have American manufacturers playing into the hands of competitors for sheer lack of definite world trade policy.

"Our American banks with world branches have made the mistake of allying themselves with trading companies. They ask the American merchant abroad to do business through them. He is afraid to let them handle documents revealing his customers' names and purchases, because these papers supply information upon which the allied trading companies can compete with him. The merchant maintains a stock of American products in another country. He takes all the commercial risks, gives his customers credit and service, increases the volume of trade. Then these banking-trading corporations intervene, selling to his customers on commission—often quoting lower rates. They carry no stocks abroad, take no risks, give no



credit or service, build no business. They are plagues of American commerce. They have broken up the confidential relation that must exist between merchant and banker, and if allowed to go on and destroy American merchants abroad they will destroy American business too, because they have no organization for carrying on the merchant's work.

#### NOT REAL "CREDITOR NATION"

**T**HE same immediate view they take of merchandising—to get the order of today in the cheapest way without building for the future—applies to their investment abroad. Instead of lending capital for the development of countries that are poor but sound credit risks, they demand high interest and guarantees. Despite the talk we have heard the last year about America as a creditor nation, and New York as a world financial center, we have really loaned very little money to Latin-American countries. There has been much investigation, but little actual cash, and in several instances American bankers' terms to southern countries have been not merely impossible, but insulting in their reflections upon national credit.

"We have heard a lot about 'dollar exchange,' a sort of catch phrase with our bankers. How can we have dollar exchange until we have billions of dollars invested in other countries, like England, creating the trade that makes money flow back and forth? Dollar exchange today is a fleabite in world finance. Everything is figured back to pounds sterling. To get dollar exchange we must become creditors of other nations.

"Our manufacturers are working damage to their future interests by the same shortsighted grasping of the immediate opportunity today. They will sell goods to anybody who sends an order from another country, accompanied by cash. They appoint representatives in other countries without investigation or sufficient safeguards to protect themselves. As a consequence, American goods which should be represented by an American merchant are often represented by people of other nationalities, who will suppress their sales when competing goods are available from their



own country. Today they are glad to have American stuff to sell. But tomorrow they will say to customers, 'Why do you want that American stuff?' and when the customer explains that he likes it they will reply, 'We'll sell you the American stuff, but here is something just as good for less money.' And the competing article will capture the market, because the American manufacturer, looking only to the immediate sale, will have the wrong representation or no representation at all. Will he turn, then, to the American merchant? There may be no American merchant. There may have been American merchants once in that particular market, but the American manufacturer and the American banker will have exterminated them."

#### ARTICLE LXXIII

#### AMERICAN SHIPPERS AID CLEVER FREIGHT THIEVES

**SANTIAGO, Chile, Jan. 21.**—After several mysterious thefts from cases which apparently had not been tampered with, an American in Valparaiso, Chile, frankly asked a Chilean thief how it was done. Underwear, hosiery, silks and other valuable merchandise disappears from cases on lighters between ship and shore, and even from shipments that are being guarded. The stuff is replaced with bricks and stones to make up weight, and the case shows no signs of tampering, even though protected by what shippers think are safeguards.

The Chilean did not want to talk, of course, but was finally persuaded.

"You nail up a case," he said. "Turn your back to me and lean against it. I will open it without your hearing or feeling anything."

This was done, and the test successfully carried through in less than a minute. When the Chilean said, "Tambien, senor," the astonished American found that a board had been removed noiselessly in those few seconds and the goods inside exposed.

Then the Chilean exhibited his apparatus, which was a series of wooden wedges, beginning with one that had a paper-thin edge, which was inserted first under a board and quickly followed up with thicker ones.

One man in Chile has made a thorough study of pilfering and thievery from import shipments—G. G. Rosenthal, in charge of the customs house department of Wessell, Duval & Co., a large general merchandise concern, with branches in Valparaiso, Santiago and other Chilean centers, as well as New York. He has some suggestions to give American business men which, if followed intelligently, will cut down those losses and also facilitate sales in world trade.

#### U. S. SHIPPERS CARELESS

**W**HEN the Germans decided to enter Latin-American markets they sent experts to study packing and rigidly followed the requirements of each country and trade. The English had been meeting those requirements for a century, more or less. Many American concerns, however, even fail to follow shipping instructions, much less make a study on the spot, and through lack of technical information, which is simple enough once understood, virtually assist thieves in stealing from their shipments.

When a British or German shipping clerk packs an export order he makes the case fit the merchandise. But when the American shipping clerk has an export order he sizes it up with his eye, selects an old box, piles the stuff in, and, if it does not fill out nicely, adds excelsior, old newspaper, broken boxes or other trash. He does not know that this box will be piled under a ton of other stuff in the ship's hold, that it will be lifted by cranes and that in har-



SHORT STOP BEFORE LONG TUNNEL JOURNEY



bors like Valparaiso it must be dropped into a lighter in a rough sea at night. Even if the box stands handling, it is easy for a thief to pry a board loose at one end, remove the goods and cover up outward signs of tampering.

Various devices are used to prevent this. Wire and metal strapping are nailed around the end of the box. These are useless. Zinc lining inside is supposed to protect shipment, but thieves lift boards and take out goods. Boxes are sewed up in burlap, but thieves rip that and cleverly sew it up again. Edges of boxes are painted to reveal tampering, but this is useless when similar paint can be obtained.

Mr. Rosenthal has found only two devices that really prevent theft. One is the use of a double box, the inner one made with boards running straight, and the outer one with diagonal boards. To get into that it is necessary to remove all the diagonal boards from one side of the case before an inner board can be taken off. The other contrivance is a staple driven into each place where boards join, and marked with a business concern's initials, so that thieves will have no similar staples to cover up tampering. The purpose in both cases is to ship in containers that will instantly show signs of tampering, thus facilitating quick checking up of goods as they pass from hand to hand. The diagonal outer box has the disadvantage of adding to weight—this increases freight and also duty in countries where the tariff is paid on container as well as goods. But undoubtedly American ingenuity could devise containers of lighter material, utilizing the truss construction to gain strength.

#### THIEF-PROOF CASES

IN THE United States lumber is less costly than in any other country. Yet the shipping room uses it stingily, thinks of cheap qualities in connection with packages and has an obstinate partiality for old boxes and crates. Since prohibition many shipments of plumbing goods have been arriving in Valparaiso packed in beer barrels, and duty must be paid on these heavy oak casks. Europe uses containers built to fit the goods and is not afraid to spend money for good grades of lumber, because theft is pre-

vented and customers pleased. When the merchandise is made to fit the box, the latter usually proves too big, and freight must be paid on superfluous space—the ton in ocean freight rates is not a weight but a cubic measure.

The Chileans steal chiefly things to wear, with small valuable articles like magnetos and brass fittings. It is not organized crime, with arrangements for disposing of plunder through receivers of stolen goods, but more in the nature of pilfering for personal use. Stolen underwear often turns up on the backs of harbor workers, and proof of theft might be secured with a little police work. But nobody prosecutes in Chile for such offenses, because two witnesses are needed, and cases call principals to court so many times that they are given up in disgust. Shipping men of long experience actually take steps to keep them off their own ships. Assistance from shippers in the United States, through the use of better packages, would help greatly.

Some shipments are unquestionably pilfered in the United States, in warehouses and on docks. Other thefts occur at intermediate ports as ships stop along the way and are unloaded by longshoremen. About 70 per cent of the thieving, however, occurs on the lighters used to carry goods from ship to shore. Suspicion is often directed to Chilean customs officials, but in Mr. Rosenthal's opinion this is an injustice, and merchandise in the Chilean customs houses is safer than anywhere along the line.

The difficulty is really one of inadequate facilities in Chilean ports. Ships are quickly unloaded to save time; lighters tie up at the shore and often wait several days for a chance to unload, be-

cause there are not enough steam cranes to do the job immediately.

Many American concerns have overcome packing troubles, but have yet to grasp the philosophy of marking their export shipments with correct information on cases—and nothing else.

#### CONSIGNEE PAYS FOR ERRORS

THE first great need is for marks that will not rub off. The shipping clerk's mixture of lampblack and turpentine is poor stuff—

it rubs off, runs and disappears. When one or two figures in a number are gone there is great confusion. Permanent paint should be used. If information could be burned or perforated on boxes, so much the better. An adequate marking device would be very welcome. Weights should be accurate—a five-ton crane was nearly wrecked recently at Valparaiso because a machinery shipment marked three tons really weighed seven. Heavy shipments should be marked with correct weight, to guide stevedores, and damage is often prevented by indicating where slings are to be put, to prevent crushing. Shipping clerks should distinguish between boxes and crates. The Chileans call a package a crate when the hands can be inserted between boards, and if boxes are marked "crates" in an invoice, as often occurs, the customs house may refuse to deliver them without a petition, and maybe a lawsuit. All marks should be stenciled, not written, and care taken to eliminate superfluous marks. Much trouble is caused by numbers, phrases, trademarks and other information placed on export shipments by shipping clerks, railroads, express companies and others who handle them in transit. The Chilean customs house, like many others, is very literal in interpreting marks, and either wrong or superfluous information throws suspicion of stolen goods upon the receiver, and perhaps involves a fine. There is suspicion that he is trying to cheat through false information, or that he may even be trying to obtain goods belonging to some one else. If his papers call for twelve boxes, for instance, and the packages are really crates, the customs house may hold that his stuff has not arrived, and that the crates belong to some one else.



TRANS-ANDEAN VIEW SHOWING RAILROAD DIFFICULTIES IN CHILE



The philosophy of the ship's manifest should be understood—it clears up many difficulties. All the goods brought by every ship reaching Chile are described in detail—the number and weight of packages, kinds of goods, consignees and so forth. This ship's manifest is the only document that has any legal status with the Chilean customs house. Marks on the packages are closely compared with descriptions in the manifest for identification, and one customs house employe is checked by others to insure accuracy and honesty. Fines are imposed on consignees even for discrepancies between the manifest and package marks, and customs officials receive a percentage of the fine. The consignee is, therefore, strictly at the mercy of shippers in the United States who embody wrong information in documents or on packages, even through error, and a little practical experience at the other fellow's end will give one a respect for painstaking accuracy.

#### ARTICLE LXXIV

### CHILE HAS HER DENTISTRY MARKETS CORNERED

**SANTIAGO, Chile, Jan. 23.**—While the Latin American is in New York usually he improves the opportunity to have his teeth put in shape. Maybe those of the whole family if they are along, and they probably are. For the reputation of Yankee dentistry is high on the southern continent.

Thus it happens that many of our dentists have Latin-American patrons and because they are well-to-do, for the most part, and free spending, a belief has grown up that Latin America must be a fine field for our dentists. Many a graduate thinks about emigrating there, and many a practitioner wishes he had.

However, that belief is quite mistaken, according to a Philadelphian who deals in dental supplies in Santiago, Chile. William H. Spearing represents a Philadelphia concern, the S. S. White Dental Manufacturing Co., and during the last ten years has traveled from Mexico to Patagonia.

He says that American dentists found a good field in Latin America fifteen or twenty years ago, because dentistry was not



taught in the southern countries nor practiced by their own people to any extent. But today there are dental schools in most of the republics, even though they may be small, and their graduates more than supply the demands of perhaps 20 to 25 per cent of the people who can afford dentistry. There is a disposition in some of the countries to bar out foreign dentists through stiff examinations and keep the profession to themselves—in some cases this even goes the length of excluding applicants from other Latin-American countries.

#### DENTISTRY SAVED INDEMNITY

**BEFORE** the immigrant dentist can practice he must know the language of the country and pass a rigid examination in Spanish or Portuguese. These requirements have been met by the American dental colony in Brazil—probably the largest in South America—by taking on new arrivals as assistants while they were learning the language, and later, after passing their examination, they were qualified to set up practice themselves.

One of the best dental schools in Latin America is in Chile, the Escuela Dental de Santiago, and the story of its founding illustrates the development of the profession in recent years.

One night, about a decade ago, the German legation in Santiago burned to the ground, and the remains of a body were found in the ruins. It appeared

that only two persons had been in the building the night before, the German secretary of the legation and a Chilean guard. Suspicion suggested that the secretary had been murdered by the Chileno and the building robbed and fired. The German Government demanded a heavy indemnity, and the Chilean Government was about to pay it. Dozens of detectives had run down every discoverable clue, and failed to find evidence that it was the German who had murdered the guard, as was maintained by the Chileans.

A Chilean surgeon, Valenzuela Bastarica, undertook a little Sherlock Holmes work on his own account. In Paris he had studied dentistry. Visiting the dentists in Santiago one by one, he not only found a practitioner who had done work for the German secretary, but who had kept a diagram of the different fillings and crowns—an S. S. White diagram, by the way, made in Philadelphia. Comparison with the skull found in the burned legation proved that it was the poor Chileno who had been murdered, and the indemnity was not paid. A little later the German was arrested, and then it came out that he had been short in his accounts.

#### GERMAN ADVANCE ROUTED

**THE** Chilean Congress not only passed a vote of thanks to Doctor Bastarica, but asked him what the country could do to express its appreciation. The doctor suggested that a dental school be founded. Whereupon the government gave him the job, and after visiting France and the United States he established a thoroughly modern institution and became its director. This school turns out about one hundred graduates yearly, and the profession of dentistry

is as far advanced in Chile as in any other Latin-American country. There is a fine school in Buenos Aires, and others in Rio de Janeiro and Sao Paulo, while the smaller countries maintain "schools" where apprentices learning the profession in dentists' offices can be examined and qualify for practice. Thus, apart from any feeling there might be against outside practitioners, competition has become very keen, and Mr. Spearing's advice to the American



LAKE LLANQUIHUE IN CENTRAL CHILE HAS SURF COMPARABLE WITH THE OCEAN



dentist who pictures the southern continent as a land of opportunity is—stay home!

While there may be few opportunities for American dentists, our dental apparatus and supplies are purchased to such an extent that they practically monopolize the Latin-American market. About ten years ago the Germans made a determined effort to displace our goods with stuff of cheaper quality, and Mr. Spearing began traveling through Central and South America for the Philadelphia concern. Defensive tactics comprised closer connections with the dental supply dealers in the different countries and demonstrations of American apparatus and materials to the dentists and before dental classes. At one time Mr. Spearing carried nearly three dozen trunks filled with equipment for these demonstrations and visited towns that had to be reached by horse and pack animals. German goods did not gain a foothold, and the Philadelphia company maintains its contact with Latin-American practitioners by frequently sending representatives to demonstrate new things and back up its dealers.

A good many Latin-American students still go to the United States for training, and probably always will. For American dental colleges are so large and technical progress is so constant that our supremacy in this profession is acknowledged. The better Latin-American dental schools endeavor to maintain a high standard of teaching by contact with our own institutions.

#### DEVELOPMENT PROMISED

**T**ECHNICAL methods frequently differ from our own, partly because the Latin Americans prefer to do something in a different way and partly through distance from the latest professional improvements.

As an instance, general anesthesia is commonly used in the United States, but in Latin America hardly at all, local anesthesia being preferred. There is something in the Latin nature that makes both the practitioner and his patient afraid of anesthetics like nitrous oxide, or "laughing gas," which puts one to sleep, and it has been found practically useless to demonstrate such things.

When an American is following some method of yesterday, and the salesman comes around with a better way or apparatus today, the demonstration will probably begin hammer and tongs, proving that the method of yesterday belongs on the scrapheap.

But the Latin American must be handled in another fashion. He is highly sensitive, and criticism of a method or even apparatus that he uses is interpreted as criticism of himself. He has a good deal of finesse, and prefers indirect demonstration. Let him first show how he



does a thing, commend his method and skill, and then show him your way. Instead of even suggesting that your way is better, quicker, cheaper or preferable in any respect, simply introduce it as the latest way, or the way you prefer, or even just another way. Don't expect to close the sale then. A reaction must take place in his mind. A few days later you will probably find that he has quietly sent somebody else around to make the purchase and adopted your method without letting you know about it.

During the next five or ten years there promises to be a great development of medicine, surgery and health matters generally in the leading countries of South America. It is a natural part of general improvement in standards of living, in education, earning power and broadening of suffrage. At this writing the Chilean Congress is discussing a plan to send a medical commission to the United States and Europe to study and adopt the latest methods. Dentistry throughout the southern continent will unquestionably benefit by this tendency and be extended to more of the people, perhaps through the new public schools which are being planned or built in most of the countries.

#### ARTICLE LXXV

### MOTORBUS IS POPULAR IN CAPITAL OF CHILE

**SANTIAGO, Chile, Jan. 25.**—One Yankee notion in very good demand just now over pretty much all South America is the motorbus. Like ourselves, people on the southern continent are ready for de luxe street transportation, something that costs a little more than the trolley car and goes faster, yet not so expensive as the taxicab. Wherever motorbus service has been started it is popular with the public and profitable to the promoters when well managed. It promises new outlets for our automobile industry, and also opportunities for Americans in the organization and operation of motorbus lines in Latin-American cities.

A typical instance of how it works is



found in the new motorbus service of Santiago, Chile.

An American mining engineer, Fritz Mella, got interested in a motorbus service operated by Americans in Antofagasta, Chile's busy mining port, and decided something of that kind would be appreciated in Santiago, where he has a consulting practice. When he got home a little company was formed, virtually among Americans in his office. Setting the capital at \$50,000 in our money, they went into the enterprise as a speculation, deciding to begin on a small scale so that none of the stockholders would be ruined if it failed, and experience would not be too expensive if it succeeded, mistakes and methods being worked out with a few vehicles. Shares were taken up gradually by the office group and none sold to outsiders.

#### MOTORBUS FOUND FAVOR

**A** COUPLE of two-ton motortruck chassis were ordered in the United States as soon as they could be bought after the armistice. When these reached Chile, after a considerable delay, they were fitted with bodies seating fifteen passengers, entrance being at the front so that the driver could collect fares on the pay-as-you-enter plan, though "conductorettes" do that now. Then they were put into service on a congested traffic route between the principal plaza and the central railroad station.

Street-car service in this part of the city was very slow, taking twenty-five to thirty minutes, with a ten centavo fare, or five centavos on the upper deck. Trolley managers at home, worried by the inelasticity of the nickel, may be interested in the fact that ten centavos Chileno is equivalent to less than two cents of our money—a street-car ride in the upper deck at the present rate of exchange costs, in Santiago and Valparaiso, exactly 0.9 cents!

It was found that the buses could make the trip in fifteen minutes. The fare was set at twenty centavos, which is now less than four cents, and even if Chile stabilizes her currency at twenty-four cents to the peso, cannot be equivalent to our nickel. That is what they consider a de luxe street ride in Chile, and they make it pay dividends.

With the time cut in half for a double fare, the people of Santiago quickly took to the motorbuses, and they have been running steadily since the spring of 1919, nearly sixteen hours every day. Seven more buses have been added to the equipment, several other routes established and the shareholders have put more money into the enterprise, so that \$40,000 worth of the stock has been taken up.

There are a good many difficulties to be overcome, however.



Distance from the United States is one great handicap. The service started with solid tires, but these make rough riding over Santiago's streets—not very well paved—and have been hard on motors. After several months' operation a change to pneumatic tires was decided upon. It was necessary to have new wheels. These were ordered from the United States in August, and in December had not yet arrived—first the factory was behind in its orders and then the shipment was tied up in a dock strike. In the United States such a change could have been made in a couple of weeks.

and steps taken to help those entering the business through information, special types of cars and in other ways.

The type of motorbus used in Santiago costs about \$4000 when ready for service. The chassis is imported from the United States and the body built in Chile to avoid the heavy tariff duty on a complete omnibus. By no stretch of the imagination can the Santiago motorbus bodies be called beautiful, for they were a carpenter-shop job, designed to carry fifteen to twenty persons. Their chief merit is that they hold a lot of fares. In countries where the same tariff difficulties exist, designs based on American

car, as the engine cannot be started on it, but the motorbus engines are started at the garage and kept running all day. Tires are also costly in Chile, and with fuel and mechanical maintenance make up the chief items of expense. To offset this, however, wages of drivers and garage helpers are lower than in the United States.

#### CAPITAL A FERTILE FIELD

THE drivers are all Chileans and have contributed their difficulties. When the Chileno rides a horse he goes at top speed, and fear is not part of his temperament. When you give him a shiny



MONUMENT TO FIREMEN OF SANTIAGO ERECTED AS MEMORIAL OF LIFE SAVING

#### ONE PATTERN WANTED

LACK of technical counsel is another difficulty. A young motorbus service started by beginners at home would have the benefit of automobile manufacturers' experience in equipment and operation, whereas distance makes it necessary that the Santiago promoters work out all their own methods, make mistakes that might be avoided at home and develop the business by hard knocks. As the motorbus business is pretty certain to grow in Latin America in the next five years, these difficulties should be studied by our automobile manufacturers

experience, for bodies built locally, would be valuable in establishing motorbus service. Another way of getting around this difficulty would be to import a single complete motorbus and copy the body in equipping other chassis.

It speaks well for the sturdiness of American automobiles that every car this company owns is kept in steady service sixteen hours a day, traveling from 130 to 135 miles daily, with the motors constantly running on a low-grade fuel. Gasoline is so expensive in Chile that a mixture of 75 per cent California distillate with 25 per cent kerosene is used. This would not be feasible for a pleasure

new American motor, top speed something like a mile a minute, he will drive as he rides, unless you can control him. Sometimes he becomes so interested in speeding that it seems too bad to stop for just one old lady waving on a corner, so he doesn't do it, and that loses fares and good will for the company.

A little American wrinkle in wages has been found effective with the driver. Formerly he was paid 250 pesos a month, about \$50 in our money, which is considered above average wages for that class of workers in Chile. But now a basic wage of 200 pesos a month is paid, plus 2 per cent of the income of the



driver's motorbus, a device which has been found satisfactory to everybody concerned, increasing drivers' wages and the company's revenue. The same principle will be used to encourage carefulness, sharing money saved by drivers on fuel and repairs. Much of the company's success has been due to first-class mechanical supervision by its American garage superintendent, Charles Young.

Motorbus service is welcomed in most Latin-American cities because street-car service is crowded and bad. In Santiago, for example, the trolleys carry 120,000,000 persons yearly, which is considered high for a city of less than 500,000 population. Most of the public service companies are European in capitalization and management, and the cars are operated at "tram" rather than trolley speeds—and a tram never was a trolley! Cars are not merely old, but in Santiago often dangerously near falling to pieces, and the war has made equipment inadequate for the needs of cities that have been growing steadily. So when the quick motorbus appears, running without rails, on the same routes as the street cars, taking short cuts of its own and often going where the cars do not run at all, people welcome it, and with good management it quickly becomes a tidy business.

#### ARTICLE LXXVI

### INQUIETUDE OF THE PESO A HANDICAP TO CHILE

**SANTIAGO**, Chile, Jan. 27.—Turn to the atlas and look at the diagram showing the profile of the Andes.

Scratch out "Profile of the Andes" and write instead "Curve of the Chileno Peso, 1898-1920" and you will have an indispensable document for doing business with Chile, whether it be selling, buying or investment.

The Chilean paper peso, familiarly known as the "chileno," comes pretty near being the most restless money in the world. Following your mountain profile from left to right, the high peaks represent the years from 1900 to 1905, when it was often near its par value of thirty-six cents in our money, but since then it has tobogganed down onto the pampas and stayed there, averaging about eighteen cents, its value at this writing.

When you are selling goods to a Chilean customer, it works this way:

If the shipment reached Valparaiso in June, 1918, and was valued at \$1000, your customer could have bought a draft in that amount for roundly 3000 pesos. By June, 1919, he would have had to pay 4700 pesos and today 5400.

If you are buying Chilean wool or copper, turning the dollar into the peso involves the same fluctuations.

When it comes to investment, the inquietude of the peso has undoubtedly kept Chile on short rations of foreign capital the last twenty years. For if you had \$10,000 and went to Chile when the peso was feeling well and turned your money into 30,000 "chilenos," and doubled it by honest effort and turned your profits back into dollars when the peso was sick, you might have exactly the \$10,000 with which you started. And, of course, such fluctuations would affect profits and dividends if you invested in the stock of a Chilean enterprise and stayed home.

#### THE PESO IN POLITICS

**SELLING** a bill of goods to the Chileans may involve a side transaction in exchange at their end. When you quote them a price of, say, \$1000 for an automobile delivered in Valparaiso three months hence, they will go into the stock exchange and buy that sum in Chilean exchange for delivery when the automobile arrives. Otherwise all the profit to be made by selling the car to a customer may have disappeared—though there is also the possibility that it may have doubled! With exchange fluctuating as much as ten points in a single day, it is easy to understand why speculation in the "chileno" is the biggest item of business on the Santiago stock exchange.

Chile is a sound country at bottom, with great wealth in nitrates, a large gold reserve, and has always been honest in paying her debts. But for one reason or another during the last forty years she has postponed the job of providing herself with sound money. Back in the seventies began a series of crop failures, panics and other business troubles, including a war and a revolution, which led to the repeated issue of paper money. At the same time Chile promised herself to be thrifty, and save gold out of her revenue, and take up this fiat currency, and several times got a nest egg together to make a start in conversion, while the Chilean Congress drafted conversion laws and discussed them. But something always has happened to postpone conversion. Congress is still just upon the verge of passing a law which will peg the peso within the narrow margin of gold points—around twenty-five cents in our money—and consequently everybody in Chile with money, goods or credit is speculating on what he thinks will happen to exchange.

This is not a matter of dry banking technique. It involves the everyday welfare of many Chileans, besides being a

heated political question. Moreover, it is important in the new basis upon which we are selling goods to the Chileans.

Most of the things Chile sells to other countries, such as nitrate, copper, wool and wheat, are produced by big corporations and landowners. When they make a sale they are paid in the stable currency of other countries. Then they turn around and buy unstable Chilean pesos for the payroll, shrewdly choosing the time when the pesos are cheapest. This cuts their labor costs, and also the purchasing power of the wages paid the hard-working Chilean "roto," or peasant. It is also an advantage in paying mortgage interest and money, and an advantage to the merchant who, through fluctuations in exchange, may get goods cheap. For instance, some American articles are cheaper just now in Santiago than in New York, because they were stocked six months ago when 4.7 pesos would buy one of our dollars, and now 5.4 pesos are needed.

#### STABILIZATION BLOCKED

**IT IS** firmly believed by the Chilean working classes that the landowning and moneyed interests of the country have blocked conversion by political means to retain these advantages. There is probably a basis for that belief, although students of the subject say that there are other causes. For years the government has had the actual gold laid by in a fund to effect conversion, but a law has been lacking, and every time the question has been brought up in Congress, seemingly something has happened. In one case it was fear of war with Argentina, in another the Valparaiso earthquake, and in still others the rapid changes in governments or cabinets. One of the most promising plans was stopped by the war, which found most of Chile's conversion fund deposited in German banks. There was fear for its safety, but it was rescued through transfers abroad of German assets. Then the Chilenos sat down to wait until the end of the war to do the conversion job right.

Since the armistice, however, President Sanfuentes has been trying to form a cabinet which will command support from Congress. This is difficult, because Chile has many political parties, each represented in Congress, and to form a cabinet upon which sufficient of the parties will unite is a baffling task—ministries have been arranged again and again the last year, only to change on account of the politics, or even the utterances, of one man. Finally, in November everybody agreed to let the president appoint a cabinet of men inactive in politics, to serve until some definite political trend develops, and a currency bill is now before Congress. Briefly, it provides a central bank, which will take up the paper fiat money and replace it with





gold-secured currency, maintain a flexible currency to meet emergencies, and do some commercial banking to support itself. The paper peso will probably be taken up with a fixed amount of gold, equivalent to about twenty-four cents in our currency.

For many years most of Chile's import and export trade has been handled by a few large houses, who are bankers as well as merchants, and balanced their domestic and foreign operations so that fluctuations of exchange were not a serious problem. When Germany began to compete for Chilean trade she often sold direct to the customers of these houses, and later the United States began selling direct. This direct selling and the establishment of branch houses encourage a larger volume of trade for the seller and a wider assortment of goods for the buyer. It is greatly handicapped by fluctuations in exchange, however, and stability in the Chilean currency therefore means wider selling opportunities in that country.

It will also lead to heavy investments of American and other outside capital in Chile, investigators predict, especially in the development of the resources of the rich southern provinces, and the establishment of manufacturing industries with the country's coal, iron, wool and other materials. Such industries will, in turn, give employment to the people, and raise wages and the standard of life.

#### ARTICLE LXXVII

#### SOME PECULIARITIES AND NEEDS OF CHILE

**SANTIAGO**, Chile, Jan. 29.—A prize of \$25,000 was offered by the Chilean Government some time before the war

for the best design for a locomotive shop to be used by the government railways—in Chile 65 per cent of the railways are owned and operated by the government.

Many designs were entered—from England, Germany, France and the United States.

Today the locomotive shop is finished—at San Bernardo, ten miles outside of Santiago. It is a typical Yankee job, with saw-tooth roofs on the buildings,

and landed this contract on two characteristic American points—production capacity and economy of space. To these might be added the point of vision, because the shops are laid out with a view to growth, as Chile carries out her far-sighted plans for railways and ports. An enormous tract of land has been inclosed by the heavy brick wall, which is the factory fence in Chile, a tract so large that the buildings seem lost upon it,

though Mr. Clarke believes that the main shop is the largest concrete building in the world. On the remaining land will be built shops for building cars and also locomotives, planned in the original design—the present buildings are equipped chiefly for repair work.

Senor Carlos Castro Ruiz, of the railroad ministry, was immensely proud of the job, and said this was the most interesting thing to see just then, because the Chilean state railways, like those of other Latin-American countries, have come through the war short of everything, from rolling stock to money. Senor Ruiz was recently consul general for Chile in New York; and his transfer to the Ministerio de Ferrocarriles reflects the new spirit which is building Chilean transportation up to continental standards. Already this is in evidence when one

leaves the toy cars of the trans-Andean line and steps into the big, heavy, roomy American day coach built in the United States, and is whirled away to Santiago or Valparaiso by an American locomotive.

Building a locomotive shop during a world war is no easy job. The original plans called for steel construction, but the steel was unobtainable, and reinforced concrete had to be substituted.



TRANSPORTATION IS ONE OF CHILE'S CHIEF NEEDS

Yankee machine tools and Yankee cranes big enough to pick up a Yankee locomotive. The job was done during the war by Yankee engineers. Two of them, from Philadelphia, were finishing up the last loose ends when the writer visited the plant in December—Messrs. Clarke and Firmin, of the technical staff of the Niles-Bement-Pond Co., New York, prize winners.

The American design won the prize



Difficulties with shipments of machinery, particularly electrical apparatus, leads Mr. Clarke to suggest that American manufacturers improve their packing methods, and, in some cases, their design, to meet sea conditions. Copper and brass parts were often corroded by moisture and salt air on arrival, and might be made of noncorroding alloys.

Fiber and rawhide parts suffered the same damage. Machinery shipments were securely boxed, but in many cases boards had been broken from the cases to be used for flooring in ships' holds, exposing machinery to moisture and damage. Wire or iron bands around boxes would prevent this.

\* \* \*

A PHILADELPHIA concern (we will call it the Brown Novelty and Manufacturing Co.), entering Chile some years ago, found that a small retail merchant had registered its trademark, expecting to sell out to the owners. The matter was referred to a New York lawyer. He got in touch with a lawyer in—Brazil! The latter took it up with an abogado in Chile. Threats of prosecution failing, the company sent a representative to Santiago. Seeing that he had little hope of obtaining money, the merchant surrendered the trademark on condition that he be sold goods. Then the representative did a commendable job of business protection. It costs only thirteen pesos to register a trademark in Chile—less than \$2.50. Only the company's trademark was protected. Anybody was free to register its company name in the same way and use it, or a name resembling it, like "Brown Novelty Co.," or the names of its different products. So he spent more than \$100 registering the company's name and name combinations that could be made to look like it, such as:

Brown Novelty Manufacturing Co.

Brown Novelty Co.

Brown Manufacturing Co.

Names of individual products were registered as well, and the large business since built up in Chile by this concern has been well protected against imitations and infringements.

\* \* \*

WHILE the Latin Americans talk hopefully about getting Yankee capital, quite a little Swedish money is being quietly put into enterprises on the



OSARRO VOLCANO AS SEEN ACROSS ONE OF THE CHILEAN GREAT LAKES

southern continent. One of the most interesting is a paper mill to be located in Chile's southern forest country. Chilean publishers are today paying \$180 a ton for American newsprint, of which one-quarter represents ocean freight. They have joined hands with Swedish paper men, acquired 40,000 acres of forest-bearing araucaria trees, which make excellent pulp, and it is estimated that paper can be made for about \$35 a ton and delivered in Santiago for \$15 more. As the forest trees are cut off they will be replaced with a quicker-growing variety—the araucaria requires a couple of centuries to reach maturity. With a short motortruck haul, paper can be shipped from the mill by rail to Argentina and east coast cities. It is not unlikely that the Chileans may one day sell us print paper.

\* \* \*

BECAUSE Chile's currency fluctuates greatly in value, the practice has grown up of leaving merchandise in the customs house until exchange takes a favorable turn. A draft on New York to pay for \$1000 worth of our goods might cost 5000 pesos today, but maybe only 4000 a few weeks hence. The customs house has been used as a storage, and banks in Chile have facilitated this practice by allowing importers to postpone the payment of drafts. British and other concerns doing a large trade with Chile thoroughly understand this custom and adjust their terms accordingly. Demand for prompt payment has often led to the refusal of goods by purchasers during a period of high exchange. Recently new customs regulations have been made shortening the period during which certain classes of merchandise can be held in customs.

Chile has no advertising agencies, as we know them. But she has some enterprising newspaper publishers, and they take considerable pains in helping advertisers with copy, illustrations and suggestions, as well as giving announcements

good position next to reading matter, an arrangement that is just beginning to be adopted in Latin-American newspapers. No Chilean newspaper seems ever to print news on its first page, but neither is the first page given up to advertising as in Argentina and Brazil. The news is almost concealed in the body of the paper, with little attention to headlines or display. The first

page is occupied by general articles and pictures, something like our "Sunday stuff," which publishers say is so popular with readers that they give it the greatest prominence. Newspapers sell for only ten centavos or 0.9 cent. Great interest in American methods of advertising, circulation and printing is being taken by Chilean publishers, and Senor Alberto Zavala, general manager of Santiago's youngest newspaper, *La Nacion*, who has adopted many of our methods at a distance, as a reader of American trade journals, proposes to spend four months in the United States this year making a systematic study at close range.

\* \* \*

IN NO other Latin-American country are people's names more puzzling to the stranger than in Chile. For even business cards often follow the custom of using the mother's name as well as the father's, and always last. Thus Enrique Carlos Orellana Ramirez would be called "Ramirez" by us, but a Chilean would know that his real name was Orellana. Americans always speak of Blasco Ibanez, the Spanish novelist, as "Ibanez," but Latins all know that his name is Blasco. In some cases things are simplified for the stranger by the use of "y" between the two names, as Orellana y Ramirez—"y" means "and" in Spanish. It is a common custom in Chile to use the initial of the mother's name only, as "Enrique Carlos Orellana R." Everybody knows what the "R" stands for. This use of the mother's name in all the Latin-American countries is necessary because families are very large and original settlers have left so many descendants. With perhaps 1000 members of the Blasco family in Chile, say, there would probably be a couple of dozen Enrique Blascos, causing constant confusion. But by using the mother's name as well, duplication is avoided and everybody knows who's who—except the stranger, who has to learn the rules of the game.



**CHILE** seems to be virtually alone among the Latin-American countries in having no national lottery, though Panama prohibited gambling in her constitution, and then, it is said, let a lottery concession to a private company. Chile's laws make it illegal to sell lottery tickets, but actually great numbers are sold yearly in the country, and it is estimated that as much as 3,000,000 pesos are spent on the national lotteries of Argentina and other neighbors. The sum is large enough to suggest to legislators that a national lottery be established, the money kept home, and revenue be raised for the government, and recently a discussion on this subject was held in the Senate. But sentiment in Congress and the press opposed it. Chile's good sense in this matter may really be leadership, and ultimately aid in doing away with lotteries in other countries. Many persons deny that the institution does harm, and certainly it is petty gambling compared with our own riotous speculation in stocks, foodstuffs, goods, land and other convenient counters. It is held to be a safety valve for the Latin temperament, and, rather curiously, in little Uruguay, where only half a dozen local stocks and bonds are traded in upon the stock exchange, official roulette, run by the government, brings in several thousand dollars revenue monthly. But other students of the subject maintain that the lotteries, thinly disguised as revenue measures for the governments, work real economic harm. The same amount of interest and effort put behind savings banks, building societies and mortgage institutions to help people acquire small farms would bring more revenue to the governments indirectly.

\* \* \*

**SEVERAL** good American hotels are needed in Chile. In fact, there is room for a consecutive chain of them right around the southern continent, beginning perhaps with Rio de Janeiro and Sao Paulo, going on to Montevideo, Buenos Aires and Mendoza, and then crossing to Santiago, Valparaiso and up the west coast to

Panama. Santiago has only one good hotel and one passable restaurant. It is an oddly placed city at first sight, four hours' journey from the sea, the government and intellectual center, but separated from many of the basic industries by which Chile lives. The Conquistador Valdivia planted it there with a fort in 1541 to resist the Indians. However, with a port nearer at hand, in San Antonio, and more railroads across the Andes, and increased travel from Argentina and Bolivia as well as from the United States, it should be a good hotel town, as would Valparaiso, no better served today in this respect. The southern countries need modern, well-managed hotels to make them more attractive to tourists and hold their own in competition with Europe when travel decisions are made. They need them for the convenience of business men and for their own greater comfort. Most of all, they need them as the play places for serious grown-ups that good hotels always become. The Latin Americans' delight with our hotels and cabarets is understood when one sees them at home in a city like Santiago, where the Plaza is virtually the only meeting place, and expensive cars are parked around it while the people listen to a band. There is no other place where people can meet, and none where they may dance informally or entertain each other under the bright lights, catching gayety from the crowd. When cities like Santiago really begin to play this game there will be good profits for the hotel man.

## ARTICLE LXXVIII

### VALPARAISO, IMPORTANT CITY, THREE STREETS WIDE

**VALPARAISO**, Chile, Jan. 31.—

This is a city built upon a shelf. Foothills come down almost to tide line, and along the narrow strip of level ground between run three narrow business streets, in which Valparaiso conducts the affairs of a port that stands next to San Francisco on the west coast. By building a sea wall some distance from shore, and filling in, a valuable strip of new land is being made. Little of it will be available for business buildings, however. Valparaiso will do well to utilize some of it for a park. As the city is growing rapidly, after the war, business quarters are crowded and vacant space virtually unobtainable.

Clearly, Valparaiso must grow. The hills are too big to push back. To grow into the air seems most logical, and the Yankee immediately suggests skyscrapers.

"But the earthquakes," exclaims the Chilean. Valparaiso was destroyed in 1906, the same year as San Francisco. "Besides there is the law limiting the height of buildings."

Which suggests a little educational work on behalf of our skyscrapers, which, far from being dangerous in earthquake regions, are among the safest kinds of buildings.

Two kinds of construction seem safe in earthquake countries. One is the Jap's paper house, which falls down without hurting anybody and can be set up again like stage scenery. The other is that type of building which cannot be shaken to pieces, like masonry. Sometimes it is a frame house that rocks but holds together, again a re-enforced concrete structure, and yet again an American steel skyscraper. An earthquake would shake down a child's house of blocks, but it couldn't shake a basket to pieces. This latter kind of buildings are virtually baskets, and the steel skyscraper demonstrated in San Francisco that it is about the best basket weave of them all. Construction men maintain



LAKE OF ALL SAINTS, IN HEART OF CHILEAN SWITZERLAND



that with a special kind of floor arches and the outer walls securely tied to the steel frame it would be a refuge of safety in earthquakes.

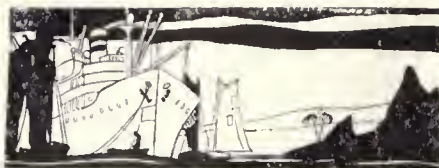
### IMPROVING THE PORT

**L**IKE virtually all cities built by the Spaniards in the temperate zone of South America, Valparaiso has very narrow streets. These were laid out, as in Spain, to afford shade in hot weather. But the town has hardly any hot weather, though it possesses an ocean resort, crowded in summer, where people bathe and shiver in the chilly Humboldt current. To widen its streets there is a law that sets the building line five feet back whenever an old structure is torn down and a new one erected. Property owners evade this law by "repairing" old buildings. So long as any remnant of the old building remains, apparently the law is satisfied. If the city fathers "shaved" all building fronts five feet, as was done with Fifth avenue in New York, Valparaiso would probably be delighted with the result, and realize that they had been deceiving themselves with their evasive repairs.

Valparaiso needs a brand-new outfit of street cars, like Santiago. The present equipment is of great antiquity. The man power exerted by motormen daily on the old handbrakes would, if conserved, probably light the town. "Conductorettes" of mature years take tickets on some of the cars—they are called "Senoritas." The tram companies in both Valparaiso and Santiago were German in origin and management, but the Chileans themselves are acquiring control.

The greatest need of the city, however, is one that is being tackled first—to inclose the harbor with a breakwater, line it with a sea wall and docks at which ships can tie up for loading and unloading, and increase port facilities by both volume and speed.

The first sight of Valparaiso's water front would be immensely instructive to every American shipping clerk. For ships anchor a considerable distance from shore and unload in lighters. If the weather is rough the lighter may surge up and meet the descending case containing your shipment of dynamos, crockery or ladies' hats, and there is a smashing bump. That sort of thing goes on all up and down the west coast, and has often been described. But seeing is believing and gives a wholly new conception of export packing. The lighters are unloaded by steam cranes right along the rock and earth of the shore, with crude copper ingots, silk goods, bags of tallow, haberdashery and bales of wool all piled together for lack of space.



### SEVEN YEARS ON WORKS

**P**ASSENGERS go from ship to shore in rowboats manned by boatmen whose political influence is said to be so strong that all efforts of steamship companies to haul people and baggage in comfortable launches have thus far failed. On occasions when it has been tried these launches have been accidentally run into or mysteriously damaged.

Harbor works for this port involve difficult construction. An English company has the contract, which was to be completed in six years. It has been on the job seven years to date, and is still a long way from the finish. The outer breakwater calls for a "fill" of nearly two hundred feet. The bottom is mud resting on hard clay. Skeptics maintain that even when finished it will probably not last in a heavy storm. Once every generation such a storm as that of July, 1919, sweeps in, with the weight of the whole Pacific ocean—which Charles Darwin declared was misnamed. A long stretch of the inner harbor wall in comparatively shallow water had been completed last July, but not re-enforced with earth and rock inside to resist a possible storm. Engineers maintain that it was strong enough without re-enforcement. But the Pacific ocean threw it over and dashed huge blocks of masonry about like cigar boxes. Three German ships riding at old moorings in the harbor broke away, did damage to other vessels and were swept right up on the rocky shore, where they still lie today to show what the Unpacific ocean can do in a rage.

In taking ship for Peru, the traveler hears an echo of the war between that country and Chile forty years ago. For the two countries have not exchanged ambassadors or consuls since then. Chile got nitrate provinces and ports from Peru after her victory. One province, Tacna, was by treaty to be occupied for ten years, from 1884 to 1894, and then a vote of its people taken to see to which country they wished to belong. No form of plebiscite satisfactory to both countries has yet been devised, and so Tacna remains in Chilean possession.

### NATION HONEST DEBTOR

**T**HERE is an American Chamber of Commerce in Valparaiso, organized in December, 1918, with a business office



that was opened last March in charge of Secretary Edwin C. Schmidt. It has eighteen members at present, American concerns in Chile engaged in trading, purchasing, banking and mining. There are thirty-seven other American concerns in Chile eligible for active membership. As soon as arrangements can be made this organization will seek associate or "subscribing" members in the United States, among business houses with interests in Chile. As with other American chambers of commerce in Latin America, both financial support and intelligent teamwork are needed from business men in the United States. The initiation fee for a subscribing member is only fifty Chilean pesos, with fifty pesos annual dues. Fifty pesos Chileno is less than \$9 in our money at the present exchange. There is also an American Society in Chile, with branches in both Valparaiso and Santiago. In the port city members—all men—meet at lunch once a week and maintain contact with each other, while in Santiago a lunch occurs every two weeks.

It was in Valparaiso that an American long resident in Chile told the writer a story that might have been embodied in an earlier article dealing with the republic's finances and credit:

Chileans have always been most scrupulous in meeting the interest on their national debt. During the troubled times in the early nineties when two political elements came to open warfare for control of the government—Chile's only actual revolution since the period when the original republic was being formed—there was an interest payment on the national debt coming due in London. And a double payment was made upon it, to the astonishment of the London bankers. For each of the fighting factions, thinking that the other might neglect or overlook it, made the payment itself, for the sake of Chile's credit and national honor.

### ARTICLE LXXIX

#### NITRATE TRADE AWAITS YANKEES OR BRITISH

**V**ALPARAISO, Chile, Feb. 2.—After he had invented the art of war reporting and followed all the big and little wars through the seventies and eighties, it is said that Archibald Forbes went to Chile expressly to see where the wars really came from—out of the nitrate beds which furnish a product indispensable in both war and peace.

When the world goes mad Chilean nitrates make explosives and the price and production both rise, with boom times in the nitrate regions of the north. When the world cools down again price and production fall off, but Chileans resume their steady campaign to increase the use of nitrates in agriculture industry



all over the world. Which is really the most important end of this double-barreled industry.

Chile has the only commercially workable deposits in the world. Nobody knows how the nitrates got into Chile's "pampa saltierra." Some authorities attribute them to guano deposits by birds, others to the evaporation of an ocean, and one daring hypothesis involves lightning in the Andes, with nature anticipating man in making nitrates by electricity. They are there, and that is all, and are Chile's largest source of revenue, with enough in sight to last for a century at the present rate of production, and thirty times as much unexplored ground likely to yield future supplies.

So the prosperity of the industry is really an advertising and selling problem.

On the walls of the nitrate association's offices in Santiago hang some beautifully made plaster turnips and cabbages. There is a small turnip raised without fertilizer, contrasted with an enormous one to show what plants will do if you feed them chemicals. These plaster vegetables were made in Germany to promote sales of German potash, but they are just as vivid an argument for Chilean nitrate, which is needed too.

#### CHILD OF PROPAGANDA

THE German potash propaganda was so systematic and vigorous before the war that when the chemical became scarce the American truck farmer, cotton planter and fruit grower wondered what they would do for crop foods. It was predicted that one or two more crops would exhaust the fertilizer potash in the soil, and then oranges and early potatoes could not be raised profitably. But our farmers discovered, as the war went on, that they had been using several times as much potash as they really needed, owing to the persistent advertising of potash by the Germans.

The Chilean nitrates are produced by nearly 200 companies, large and small; some Chilean, others German and British, with two American companies that have recently entered the industry. The majority is organized in a producers' association for the purpose of adjusting production to demand, maintaining satisfactory prices and increasing the use of nitrates through advertising and demonstration. On every quintal of about ninety-five pounds a small tax is levied, just as our orange growers tax themselves a few cents on each box for advertising and sales work. This tax brings in about \$300,000 yearly, to which the Chilean Government adds \$150,000 more. The fund of nearly \$500,000 is used to maintain nitrate propaganda offices in the United States, England, France, Italy, Spain, Belgium,



Holland, Egypt, Japan, Australia, India and South Africa—in all, twelve countries.

In the United States there is an office in New York, with ten traveling assistants who keep in touch with all the organizations of farmers who use artificial fertilizer. This office distributes thousands of pamphlets and samples and assists in research and experimental work likely to increase the use of nitrates.

More money is spent in the United States for propaganda than in any other country, because our country offers the greatest field for expansion in the use of nitrates. England and Germany were bigger importers before the war, but because they had the most capital invested in the Chilean nitrate fields and were active distributors. Virtually every pound of nitrate that we bought, on the other hand, was used either for fertilizer, explosives or industrial purposes. The American farmer is steadily increasing his use of chemical fertilizer. For one thing, our agriculture is becoming more scientific and exact, and a dollar's worth of the right chemical in the right place adds ten dollars to the value of the crop. For another, millions of acres of land in our corn belt begin to need artificial fertilizer.

#### ARMISTICE MEANT GLOOM

WE ARE also liberal consumers of explosives. Dynamite is rapidly becoming our cheapest hired man. It is used not only in mines, quarries and construction work, but the American farmer is learning to keep a box of it handy for innumerable odd jobs of clearing, ditching, draining, planting trees, cracking up hardpan, road repairing and the like.

For farm purposes the Chilean nitrates will undoubtedly hold their own over nitrates extracted from the air. There are low grades suitable for fertilizer and they do not spoil, like the synthetic article, and are more easily distributed over the soil, and cheaper. While the wars of the nineteenth century have exerted some influence upon production and sale, Chile's best customers have been the farmer, the horticulturist, the vineyardist and the planter. From 1880, when the exportation was 226,000 tons, the sales abroad have steadily increased year



by year at the rate of about 40,000 tons annually. It is not possible to trace the influence of any war except the world conflict, because agricultural demand has fluctuated from year to year, sometimes causing a setback, and then a spurt which brought the average up. At the outbreak of the world war exports had reached nearly 2,500,000 tons. It fell off to 2,000,000 in 1914 and 1915 because agricultural customers could not be supplied or were not buying. In 1916 war demand brought exports up to the record of nearly 3,000,000 tons, which was continued during the last year of the war.

With the armistice—bing!

Nobody wanted nitrates for war, and the peace demand held back. Besides, there were no ships to carry the stuff to American farmers, and our war ban on agricultural nitrates had not been lifted. The Chileans had only 240,000 tons on hand above their normal pre-war stocks, which represented no more than a good-sized order from fertilizer manufacturers in a country like Belgium. Production had to be cut down, men laid off and labor lost from the nitrate fields. The companies did not suffer, because they had all made money during the war. The loss of labor was most serious, because workers are not easily attracted to the waterless, hot, unattractive nitrate region.

#### TO STABILIZE PRICES

HOWEVER, the Chilean Government came to the rescue, advancing money upon the nitrate which was produced and waiting customers, and the producers found themselves stronger in teamwork than they had ever been as a result of association during the war.

This new habit of working together they now propose to apply to their propaganda in other countries.

Increased sales of nitrate to foreigners have often been checked in the past by fluctuations in the price. If nitrate is reasonable in cost when the time comes around to buy his fertilizer, the farmer will use it. But if the price is high, either he or the fertilizer manufacturer will cut down the quantity or turn to a substitute—fertilizer being made up of so many different ingredients, this is easy in the case of nitrate, because it has more substitutes than either potash or phosphate, the two other chief ingredients of chemical fertilizer. Fluctuations in price, the producers believe, have usually been due to the manipulations of merchants who buy and distribute the nitrate and to surplus stocks or shortage in different countries. To remedy this and encourage steady increase in agricultural use, their association plans to maintain stocks of nitrate in consuming countries and use these to stabilize prices.

Some of the Chilean nitrate men say





CHILEAN FARMYARD, SHOWING NEED FOR AMERICAN TRACTORS.

that the United States now has an excellent opportunity to replace the Germans as a nitrate distributor in other countries. We have the money and also a knack at advertising which would wonderfully supplement the Chilean association's propaganda. We buy a great deal of nitrate in the course of the year, they point out, but in comparatively small lots—50,000 to 100,000 ton orders. If we would stock up with, say, 1,000,000 tons at a crack, and set up shop on a wholesale scale, we would save money on our own purchases and be able to sell to other countries, besides keeping our new ships busy. The British have already bought such a big order, despite shortage of shipping. It is evident that the new lines of nitrate distribution will be worked out this year, and either the United States or England will take over Germany's trade—the Chileans wonder why we don't get into the game.

#### ARTICLE LXXX

#### MAIL SERVICE OF U. S. AN OBSTACLE TO TRADE

**VALPARAISO, Chile, Feb. 4.**—The Chilean national bird is the condor. During the war Uncle Sam was very nice to it through several of our government departments. At the same time, in another department, chipmunks in spectacles, were twisting the Chilean condor's tail.

Or to use another simile, they were trying to pick the Chilean national pocket through an intermediary.

On the east coast of South America mail service to the United States the last year has been not merely slow and irregular, but has at times virtually ceased to exist. Our postoffice relies upon three British passenger steamships to reach Brazil and the River Plata. The writer left New York June 21 on one of these, the *Vauban*. She reached Buenos Aires July 17, returned to New York, took her cargo of Argentine beef to England, came back to New York again, was tied up in the dock strike, or coal crisis, or something else, and left for South America again November 19. That is five months between voyages. Another of these ships was put out of commission by fire last summer. Mail from the United States to the east coast even at this writing is seldom less than two months old. Yet, as has been pointed out, our new freight ships are now reaching east coast ports almost daily. New York dock strikes do not interfere with them, because many leave from southern ports. Coal strikes do not bother them because they burn oil. The postal authorities of Argentina and Brazil quickly made arrangements to send mail north on our freighters. But for our postoffice, apparently they do not exist.

Americans on the east coast have been envying those on the west coast, with their fast, frequent service of Chilean, British and American passenger steamers. But, on arrival in Santiago, the writer heard the same bitter complaint about the difficulty of doing business without good mail service. Our ships carry mail down to Chile, but do not

bring Chilean letters back. The Chilean ships carry that, but apparently not ours. There is no satisfactory parcel post service from Chile to the United States—the best way to mail anything in that line is to send it through Peru. The Chileans are looking forward to the British plans for putting on more steamers to Valparaiso, when they feel that there will be somebody to help them organize communication again.

#### SHIP BOARD BLUNDERED

**A** VISIT to the Postoffice Department in Santiago discovered an official called the "Administrator," who plunged excitedly into his troubles when asked to discuss mail service between Chile and the United States.

He said that Chilean ships carry mail free, being subsidized; that English ships carry it for a reasonable sum, \$5000 a year, and get port privileges in return; that when the Chileans put their mail on the new American ships in 1918 they were presented with a bill for 40,000 pesos by the American steamship people, W. R. Grace & Co.; that Panama Canal fees on parcel post matter made it too expensive; that Chile had parcel post arrangements with most other countries, but not ours, because our government wanted to make individual horse trades with each country instead of following the universal plan and rates of the postal union; that we send a great deal of merchandise and printed matter to Chile, but she sends back only 10 per cent as much; that all ships coming to Chile are by law required to carry mail free, but that the Yankee steamship men got around this by taking mail only to the last Chilean port, Arica; that he was looking forward keenly to the twelve big English steamers that were to be put on west-coast routes.

The next person was a gentleman from Buffalo, the manager for Grace & Co., at Valparaiso—Mr. J. J. Heavey. He had the rest of the story.

In March, 1918, his company put on two passenger steamers between New York and Valparaiso, and had planned to add three more. They began carrying the Chilean mail free, to make friends as well as comply with the Chilean law. After the first trip their steamers were taken over by the United States shipping board. They continued carrying the mail for the Chileans.

Suddenly, one day, there was presented at the New York office of the company a bill for \$7672 by the shipping board against the Chilean postoffice, this being eighty cents a pound for all the letters carried to date, weights being estimated, because no records had been kept.

The shipping board directed Grace & Co. to collect that money from the Chilean postoffice. Mr. Heavey told New



York that it could not be collected. The shipping board was insistent. The bill was presented, the horrified Chileans hurried their mail off the American boats and, after a little official correspondence, found a perfectly good reason for hanging the whole subject in the air, where it still remains suspended like Mahomet's coffin. As a matter of fact, in our own courts they would probably not be liable for this money, because they started out under a perfect understanding with Grace & Co., and our government made no arrangement at all.

#### BUSINESS DIVORCED

**B**ECAUSE our government apparently has no clear understanding with anybody in Latin America about mail service that service is the neglected orphan of our world trade. The mimeographs keep whirling in Washington, and the chipmunks in spectacles issue optimistic statements daily about the progress we are making in world trade. Progress is being made, but by American business men in Latin America working under every obstacle imposed by lack of regular mail service. British mail service has been irregular the last year, but is rapidly being restored. The Yankee in Latin America gets his latest news from home through the weekly editions of London newspapers, because they are usually two to four weeks later than newspapers from New York. The British Government negotiates with Latin-American postoffice officials and makes clear business contracts. With Chile, as an illustration, British ships carry mail on reasonable terms and have favorable places at customs house moorings and other facilities for quick-around. If the British cannot send their parcel post through a foreign postoffice department, as was the case in the United States, they land it there through some private business organization like the American Express Co.

Why shouldn't a postoffice department have an advertising and sales force? Uncle Sam's mail service now to other countries seems to be an obscure, haphazard affair, governed chiefly by the cheapest chance arrangement that can be made for transportation, regardless of directness, frequency or regularity. It is said that the red tape thrown about vessels carrying United States mail imposes so many restrictions that companies operating our new freighters do not want to have anything to do with it. A business executive, given free hand, would get the mail on to the ships, first of all. He would get it on to the ships that gave him fast, regular service. Having organized his service, he would sell it to the public. Through advertising he would let people know the routes, the sailing dates and closing hours. He would make it easy for business houses to get letters

and shipping documents on certain steamers by establishing places in the business district for mailing stuff at the last moment. He would advertise his parcel post service as something through which business houses might develop customers abroad. Through the printed word he would create in the United States that "steamer-day" sense which has become instinctive with the business men in big exporting countries. He would develop this steamer sense not only in New York, Philadelphia and Boston, but in Chicago, Detroit and other world-trade centers which are growing up inland faster than people suspect.

Briefly, he would do what Washington ought to do—take this Little Orphant Annie off the world-trade streets, feed her, clothe her, send her to school and make her an asset instead of a liability.

#### ARTICLE LXXXI

#### LIBERATORS OF CHILE FROM FAR-OFF NATIONS

**VALPARAISO**, Chile, Feb. 6.—

When a Yankee hears that the liberator of Chile was named "O'Higgins," he somehow feels that there must be a bond of understanding with a country like that, possibly a melting pot country like his own.

The O'Higgins was a Chilean by birth, but of Irish descent. His father before him, Ambrose O'Higgins, emigrated from the Emerald Isle to Chile a poor lad, and worked his way up until he was viceroy of Peru under Spanish rule.

Chilean history and the Chilean tele-

phone directories are full of British, Scotch and Irish names—the Cochranes, the MacKennas, the Edwardses and others who married into Spanish families, helped throw off the Spanish yoke, and left descendants who retain the original family names.

But the first great Chileans were two Araucanian Indians—Caupolican and Lautaro.

Of all the wild Indians found in the western world the Araucanians of Chile were certainly wildest—warlike, passionately devoted to their country and unconquerable. "Men of iron with souls of tigers" the Spaniards called them, and after death their bodies were burned in the belief that the Araucanian warriors might thereby rise to the clouds and continue fighting dead Spaniards. These liberty-loving people produced two chiefs who ranged as first-class generals.

Caupolican was first to oppose the invaders after Santiago had been established by the Conquistador Valdivia. A mature strategist, he learned rapidly from the Spaniards in battle, discarding bows for pikes, adopting regimental organization and capturing horses which were bred for cavalry. His story has been immortalized in the Chilean epic, "La Araucana," by Alonso de Ercilla, a Spaniard, who fought against him.

#### O'HIGGINS AND MacKENNA

**L**AUTARO was a military genius who outmaneuvered the Spaniards, fooled them with camouflage devices like dummy reserves of boys and women with poles and finally conquered and killed Valdivia, falling in battle himself when only twenty-two. Although it



GENERAL STORE IN CHILE COUNTRY SECTION, A POSSIBLE  
OUTLET FOR U. S. PRODUCTS



took nearly three centuries of fighting to virtually destroy the Araucanians, of no part of their national history are the Chileans more proud today, and to Araucanian character is undoubtedly due much of their own patriotism and warlike character when aroused. The Chileans have not been aggressors, but neither have they ever lost a war. The single star on Chile's flag is the Araucanian national symbol.

The next outstanding figures loom up in the days of independence, between 1810 and 1825.

General Bernardo O'Higgins was educated in Chile and Europe, organized a company of soldiers and demonstrated fighting ability during the beginning of the revolution against the Spaniards, and was driven across the Andes to Mendoza, Argentina, with his aide, Colonel Juan MacKenna, in 1814. There he worked with the Argentine General San Martin to organize the dauntless cowboy "Army of the Andes." It was a little army, only 5000 men and 1600 horses, but it took three years in the making. Women gave their jewels to provide equipment, and the famous Franciscan friar patriot, Luis Beltran, a true captain of industry, made muskets and powder, melted the church bells and cast cannon, provided gun carriages, horse gear, clothes and shoes.

Meanwhile, the Andean passes were being explored and prepared and the army rigidly drilled. In January, 1817, O'Higgins and San Martin went over the top of the western hemisphere and cleared the Spaniards out of Chile forever. From Mendoza to victory the job took twenty-four days. O'Higgins took the reserve force through the pass of Los Patos. After independence had been proclaimed he became dictator of Chile. He formed

a navy, under the command of Admiral Cochrane, an Englishman, afterward a lord, and sent him north to liberate Peru. Four thousand Chileno and Argentine soldiers were transported, and there were a large number of English officers. Cochrane captured a Spanish frigate in the port of Callao, and San Martin landed his troops and began operations which led to the liberation of Peru in 1824. O'Higgins was strong-headed and soon aroused opposition, which forced his resignation and led to

divia bay, trusting to bad Spanish marksmanship to get through—which he did. Then he made a night attack on the forts, which the defenders considered an impossible feat in the dark, and in the morning found they had been captured. After that he proceeded to clean up the Spanish navy, with the same success. Cochrane was resourceful in war devices, among other things being one of the first to propose poison gas, by using sulphur fumes and the wind to make hostile ships and forts untenable. His habit of doing the unexpected thing profoundly worried the Spaniards.

Because the Chileno is a born sailor, some of his most spectacular achievements have been performed on sea. In the war with Peru and Bolivia, in 1879, the Chilean navy had only a few old wooden vessels, whereas the Peruvians possessed a couple of ironclads, bought in Europe. Captain Arturo Prat tackled the Peruvian ironclad Huascar with the old Chilean wooden corvette Esmeralda, stood up four hours, was rammed three times and finally went down with guns firing and colors flying. The Peruvian admiral, Grau, sent a letter of sympathy and admiration to his adversary's widow. On the same day the larger Peruvian ironclad, Independencia, ran on the rocks chasing a Chilean schooner of 2000 tons and was de-



STATUE OF GENERAL SAN MARTIN LOOKING TOWARD THE ANDES PASSES THROUGH WHICH HE LED HIS GAUCHO ARMY. MR. AND MRS. JAMES H. COLLINS ARE SEEN IN THE PICTURE

the formation of an Assembly, and Chile elected its first president in 1831.

#### CHILENO A BORN SAILOR

ADMIRAL COCHRANE was a hearty English seadog, a little out of favor at home just then, and seeking employment. O'Higgins put him to work. There were Spanish warships on the ocean and a Spanish stronghold at the Chilean port of Valdivia. With two small vessels Cochrane sailed into Val-

divia bay. A few months later the Chileans captured the Huascar, ended the Peruvian sea power and subsequently took Bolivia's ports, cutting her off from the ocean. The high character of the Chileno navy is further illustrated by the fact that in 1891, following Chile's only revolution in recent times, the factions settled upon Captain Jorge Montt, of the navy, as a sailor-president, and his impartiality laid the foundations for



the peaceful progress that has gone on in Chile the last thirty years.

One of Chile's greatest men was the poet and scholar, Andres Bello. Born in Venezuela, he spent half his life studying and writing, part of it in London. Then the Chilean Government invited him to Santiago, where he edited the official newspaper and conducted a school in which literature was chiefly taught, and from which a fine group of young writers emerged in a few years. Then he reorganized the University of Chile, wrote the nation's civil code and gave a tremendous impetus to education. His learning and character were such that he was frequently called in as an arbitrator when disputes arose between

not a very well balanced hymn—maybe he was an unbalanced poet. But it called upon all Latin America to arise and resist the Barbarian of the North, and rumor said it circulated widely all over the southern continent and was part of a campaign against the Yankees undertaken by literary men.

It is disquieting to think about such distorted stuff circulating among our friends to the south.

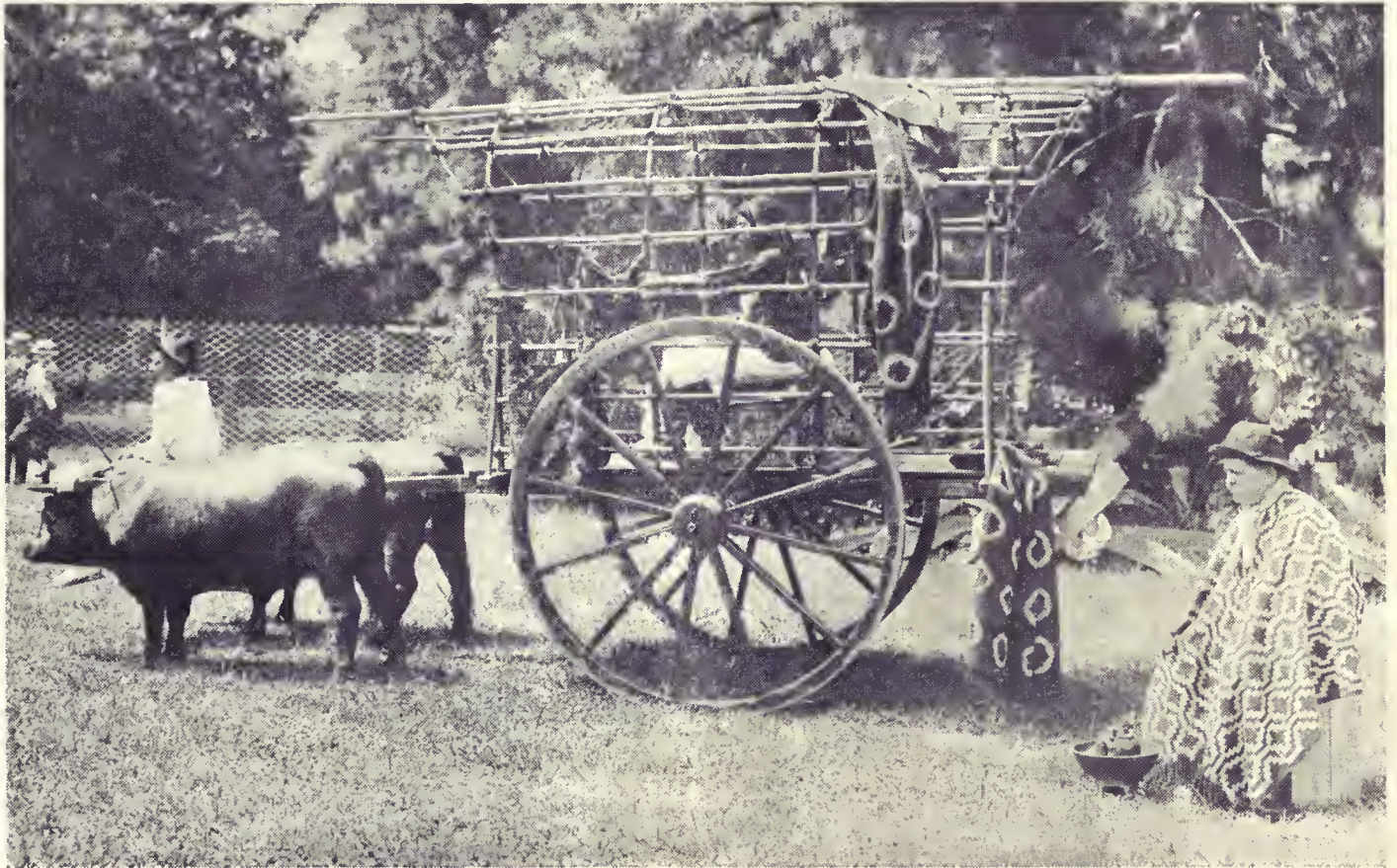
Don't think about it, however, for it doesn't circulate to any extent.

As Sidney Smith once asked, contemptuously, "Who reads an American book?" So the phrase might be applied to Latin America's literature. The southern continent today is in much the

up circulation of books between South and North America for a better understanding all around.

The Chilean National Library has a large American department devoted to the books of both continents. Fully two-fifths of the volumes are North American books, and a recent gift of 3000 volumes by the Carnegie Institute will bring the percentage up to half. The Carnegie gift was carefully selected with a view to making available in Chile a wide range of information upon our national life and activities.

Figures compiled during one year at this library show that of 68,000 volumes asked for in the reading-room 33,000 were Chilean and 35,000 foreign.



DOUBLE TANDEM OX TEAM ON COUNTRY ROAD IN CENTRAL CHILE

Latin-American countries, and in 1864 he settled one between Ecuador and the United States. Upon his death the Chilean Government, which has always been conspicuous for rendering official tribute to benefactors, paid the expense of publishing his collected writings in a dozen volumes.

#### ARTICLE LXXXII

### CHILE IS BOMBARDING WALLS OF IGNORANCE

**V**ALPARAISO, Chile, Feb. 8.—Some time ago a poet in one of the Latin-American countries wrote a "Hymn of Hate" against the United States. It was

same situation as ourselves seventy-five years ago in this respect, and it suffers under certain handicaps that go with lack of interchange of reading matter.

The Latin-American republics are still surrounded by Chinese walls, in the view of Senor Carlos Silva Cruz, director of the Chilean National Library, the largest on the southern continent. For some years Senor Cruz has deplored this state of affairs and endeavored to correct it. It is not so much a matter of circulating the fiction and poetry of the different countries among themselves as of circulating the scientific, technical and economic literature so necessary to their material development; likewise of setting

Of the latter, French led with 15,000 volumes, Spanish came next with 12,000, and only 2300 were American. That 6 per cent represented works from the nineteen other Latin-American countries and also the United States. Through a local campaign to arouse interest in neighboring countries, Senor Cruz succeeded in bringing the proportion up to 10 per cent the following year.

#### CHILEANS FAVOR FRENCH

**T**HE Chinese wall even runs around Spain, though not quite so high. It might be thought that the Spanish-American countries would read Spanish literature, but the great bulk of their foreign reading is French. This is due not only



to their admiration for French thought and achievement, but also to the activities of French publishers in sending announcements of new books. Spanish publishers lack this enterprise, often fail to answer letters of inquiry about books and supply them only after tedious delays, if at all.

If a Chilean writes a useful book it is read in Chile, but not in Argentina or Peru, much less distant Central-American countries. As the reading public in no Latin-American country exceeds a million people, and in the small countries maybe a few thousands, the sale of any book is small and publication unprofitable, whereas if books could be circulated on the continental plan, as with us, large editions could be published.

The Latin American who, through reading, knows anything at all of the United States—its people, character, work and ideals—knows us only through European books. In the main these are works written by foreign visitors to the United States, seeing us through French or other European spectacles. Thus there is a double distortion, and for the investigator bent upon adapting our practical achievement in his own country a distance certain to defeat his efforts. The time element enters into it also, for matters in which we are making progress may not be reported from Europe for years, or be overlooked altogether.

Very few American books are sold on the southern continent, because our publishers have not established outlets or connections. Each large city has its English bookstore, usually, but the stock in trade is chiefly British fiction, with some American "best sellers," and scarcely a five-foot shelf of soldier works, either British or American. The most enterprising publishers are those in the United States issuing technical handbooks dealing with machinery, electricity, power,

chemistry and like practical subjects. They seem to have worked out a scheme of distribution that lands their books where they are wanted, and other publishers in the United States and England ought to find out how they do it.

Senor Cruz has a plan for breaking down the Chinese wall around the different countries, and also the two continents. He suggests that the National Library in each country, including the United States, establish a bureau of Pan-American bibliographic information, cataloguing its own data on economics, political organization, science, history and literature, following a standard system. This information would then be exchanged by all the countries and distributed through their universities, government departments, authors, editors or whoever might want it in his work.

#### PLAN IS COMPREHENSIVE

**S**PECIAL information would also be furnished to investigators of special subjects, so that a Chilean interested in American educational methods, or Central-American music or Brazilian livestock improvement could be put in touch with the latest information.

The national libraries can also establish an international commerce in books, receiving volumes of general interest from publishers in other countries, placing them in bookstores and collecting the money when sold. The volumes would have to be sent on approval, of course, and unsold books taken back by the publishers, but after a time experience would unquestionably show which books aroused interest in other countries, and the mere accessibility of the books would encourage their sale.

From our standpoint there is every reason to make representative American books available on some such plan, because Latin America has a new interest

in us since the war, and thousands of young people are learning English. In the American department of the Chilean Library there are forty to fifty readers daily consulting our books on educational, economic, technical, legal and other subjects. When the library moves into its magnificent new building, about a year hence, the North American books will be given a specially convenient arrangement, and the Chilean Government expects to have the director of the Carnegie Institute down to Santiago for a little celebration.

Chile is especially active in matters of authorship and literature. Her writers pay a great deal of attention to history and the Chilean Historical Society has 600 members, a surprising number for so small a country.

Another surprising fact is that Chile has a Spanish language of her own and a Chilean academy to deal with its grammar. This academy is appointed by the Spanish Royal Academy, which lays down rules of grammar for the mother tongue, but is not so arbitrary as the institution in Spain. Years ago Chile benefited by two scholars who climbed over the Chinese walls—Andres Bello, a Venezuelan, and Domingo Sarmiento, from Argentina. They gave Chilean literature and education a wonderful stimulus, and among other things dealt with Chilean grammar. Deciding that the tendency in all languages is toward simplification and phonetics, they introduced some simplified spelling for Chilean use, substituting "i" for "y" and "j" for "g" in certain words. The word "and" is indicated by "i" instead of "y" in much Chilean writing, and Spanish words like "general" are spelled "jeneral." This is the Chilean official language, used in documents and government publications, but in recent years there has been a tendency back to the Spanish of Spain.





# Peru



*Landing at Callao, Peru's Chief Port of Entry*

## ARTICLE LXXXIII

### AMUSEMENT PARK WILL MAKE GOOD IN PERU

LIMA, Peru, Feb. 10.—“The best retail grocery stores in South America,” declares an American distributing food specialties, speaking of Lima. Run by Italians, they carry splendid stocks, well displayed, clean, with full lines of Chicago meats, Pittsburgh pickles, California canned goods. The grocery distributor in Lima cannot complain about lack of outlets. One interesting point is that American specialties, though not cheap, are found in groceries even through the poorer quarters.

Peruvians are fun-loving. They love the “chispa,” or spark of wit that sets everybody roaring. But they are as instant and energetic in their antipathies. If the bull fight is not exciting enough, they try to burn the grandstand. There is a pedestal and a marble chair in Lima. Once the statue of a Peruvian president was seated in the chair. But the president became unpopular, and a stick of dynamite blew him cleanly out of his seat. It is one of the sights of the city—and a vivid insight into Peruvian character.

Electric light is very costly in Lima. But long festoons of incandescents across the Plaza are lit for celebrations, day as well as night, while the presidential palace is outlined by thousands of lights. Noting this love of illuminations, one

wonders where our electrical salesmen are and why they have not shown all South America how to get more beautiful effects with half the current through flood lighting.

Among all the South American capitals, Lima newspapers carry the least cable news from the United States, though they are closest to New York. Evidently a sales job for our press association, for interest in our affairs is shown in the large amount of American mail and reprint news.

### U. S. METHODS IN FAVOR

LIMA is in earthquake territory. Sharp shocks are frequent. It is a certainty that some time, every fifty or 100 years, nature will damage most west-coast cities. But there is an earthquake philosophy. There are only two kinds of earthquakes. The frequent shocks do no damage, and the occasional upheaval that shakes everything down will probably kill you quickly. You are more likely to be killed by an automobile or street car in Lima's narrow streets. So why worry!

“Right out of the Ladies' Home Journal—I'll bet it belongs to a Yankee!” said an American motoring past a neat bungalow in a Lima suburb. It was complete even to the lawn—and growing a lawn in Peru is some job! “No, that house has just been finished by a Peruvian,” replied his companion, “and

he copied it bodily out of an American magazine.”

An American bought a lead pencil in a Japanese store in Lima. It looked like an American brand, but was an imitation. It had half an inch of lead in each end, and no more. What Japanese are trying to accomplish through such fakes may be fathomed only by the Japanese mind. Lima has probably the largest Japanese merchant colony in South America, and they run dozens of stores. Japanese ships bring them goods, but, rather curiously, the agencies for these ships are in American hands.

Peruvian farm fencing, along the coast, at least, is made of dried mud slabs, a yard or more long, two feet wide, and piled to a height of four or five feet.

Ask the landowner why he does not use barbed wire or patent fencing, and he will tell you that this fence is built by peons, on contract, at a few cents a yard. It is the cheapest fence he can get.

An American woman in Miraflores, the suburb of Lima, wanted a refrigerator. The only one she could buy was priced at \$60—worth about one-third. There were some queer Japanese imitations of refrigerators, however. But when she ascertained the price of ice she didn't want a refrigerator—couldn't





GENERAL VIEW OF LIMA, PERU'S CAPITAL AND CHIEF SEAPORT

afford it. Ice costs three to four cents a pound in Peru, and a decent month's supply would come to more than average rent in the United States. The ice wagon is no generous vehicle, with a step for bad little boys to hook a ride, as at home, but a small, tightly closed cart, something like that used for delivering compressed yeast to our grocers—and the cakes of ice are not much larger! South America has a treat ahead of it—abundant ice at a fair price, made possible by a broader scheme of manufacture and distribution.

#### INTEREST IN AVIATION

IN LESS than a month of demonstration flying an American aviator aroused a tremendous interest in Lima, using a Curtiss biplane. It was a buying interest, for various organizations, such as the association of electrical employes in Lima, subscribed money to purchase Curtiss machines to be given to the government. The presentation ceremonies in such cases are very impressive, the machines being blessed before use by the Archbishop of Peru. Then, in January, a French aviation mission to Peru arrived on the ground, and still greater interest loomed up. But, unfortunately, the first French flight resulted in a disaster. The machine was piloted by Colonel Du Beaudiez, who had been a prisoner in Germany most of the war and who was believed to be insufficiently at home in the control of later machines. It tumbled at a height of less than 100 feet and both occupants were killed. This tragedy threw the city into the deepest gloom. Interest in aviation turned into fear. By way of demonstrating that the French accident had been due to lack of skill, the American aviator, Walter Peck, kept right on flying, and extended his program. On the day the French aviators were buried he flew over the

city, following the custom developed during the war, and several days after started a series of air "raids" to interior places, which not only demonstrated the safety of sane flying, but gave new audiences their first chance to see aircraft and air stunts. This sensible policy is rapidly restoring Peruvian public confidence in aviation.

There are probably far fewer English-speaking visitors in Lima than Spanish-speaking visitors to the hotel and theatre district of New York. It is exceptional to find anybody in New York's business center who can, offhand, answer a question in Spanish. But in Lima the people have almost universally learned to say "thank you" in English, and to give figures in that language, and directions, and very often have a good conversational knowledge of our language, learned almost wholly out of books. In Europe, this could be interpreted as shopkeeping enterprise, but in Peru it is sheer courtesy to the stranger.

#### A "LUNA PARK" NEEDED

WITH a considerable mileage of seacoast handy to Lima, but not much in the way of beaches, and the further drawback of the cold Humboldt current to discourage bathing, one institution seems to be badly needed during the summer for Lima and Callao. That is a "Luna Park" on American lines, with the necessary apparatus for speeding up life. The seashore resorts within half an hour's railroad ride from the capital are not the boardwalk affairs patronized by our Jimmies and Mamies on Satur-



day. For the Jaimes and Marias of Lima simply haven't got the price. Trade Commissioner Jackson says that an amusement resort in this locality is one of the most promising investments for American capital.

It is said that the Japanese who made the most money in Lima in the shortest time was one who bought some milk cows and began supplying good, clean milk to British and American families. The first dish any Yankee wants, after returning from a trip to Latin America, is a bowl of milk and crackers in one of those shiny places built of tile and looking-glass. Peruvian milk is thin, dirty and vended by spacious Indian ladies, who sit like haystacks upon runty ponies, surrounded by miscellaneous cans that date from the times of the Incas. So far as the Caucasian baby is concerned, they are the four horseladies of the Apocalypse, for one meal of their product means sudden death. When the difficulty of raising babies under such circumstances is understood, the sheer difficulty of finding something even in a drugstore they can eat, one realizes how the clean, enterprising Japanese milkman made a quick fortune.

Both the Peruvians and the Chileans love ice cream in greater degree than the people of the east coast. Instead of taking tea, a universal South American habit, they will often eat a glass of ice cream, and this dainty likewise replaces alcoholic hospitality at clubs and bars. But they have still to learn what good ice cream can be. Made from condensed milk and substitutes, in countries without dairying industries, their product is not so much ice cream as frozen junket. Butterfat it has not! The powdered-milk demonstrator is needed on the west coast, showing ice-cream makers what can be done with his product to make velvety cream, and there are undoubtedly openings for ice-cream plants able to make their own ice economically.

#### ARTICLE LXXXIV

#### PERU JAIL HAS SPECIAL SPACE FOR EX-PRESIDENTS

LIMA, Peru, Feb. 12.—The scarcest thing in Peru—a flat place! Half its area is mountain slope, country for mules and goats, rainless, roadless, much of it three miles in the air.

And here, out of all the rich Western Hemisphere, developed the New World's highest civilization, while the fertile plains of Brazil and Argentina were populated only by savages. When God wants a strong race He cradles it in mountains, among obstacles. Many ages ago He reared the Aryan race in Asia's mountains, and since, out of five continents, it has overrun four.





The history of Peru really begins with a gentleman named Francisco Pizarro, of Truxillo, Spain, who, in 1524, set out from Panama to investigate rumors of a South American empire richer than Mexico, abounding in gold and silver. It took eight years and three expeditions to reach it. Then, with a couple of hundred men, Pizarro landed at Tumbes, marched to Cajamarca, met the Inca Atahualpa, massacred his court following, took him prisoner, executed him and made Peru the base for the Spanish conquest and rule of South America. Pizarro was past fifty when he realized his dream, could neither read nor write, and carried out his plans with the slenderest equipment. From some standpoints he was a genius and from others a Hun. But it is obvious that seizing an empire of ten to twenty million people with one company of soldiers called for some rough stuff. Ten years later he was killed by political opponents and buried in Lima, the city which he founded. Latin Americans are very fond of monuments, but, rather oddly, neither Lima nor Peru has ever erected a monument to Pizarro.

Then came nearly three centuries of Spanish exploitation, first of the Indians, who were worked to death getting out gold and silver, and later of the Spanish colonists themselves, who were held in Spain's tight little protective system of trade and industry. Among all the viceroys and politicians of those 275 years nobody stands out particularly. The chief notables were writers like the Padre Las Casas, champion of the Indians, and Garcilasso de la Vega, whose father was Spanish and his mother of royal Inca blood, and who has left the best account of the Inca civilization. From 1569 right down to 1813 Peru had a healthy inquisition, which burned and flogged heretics. In 1780 a descendant of the Incas, Tupac Amaru, led an insurrection of the Indians, but was caught and executed.

#### BOLIVAR THE LIBERATOR

THE next notables were Peru's liberators, San Martin and Admiral Cochrane, from the south, and Bolivar, from the north. Most of the seeds of revolution in South America were planted by the Spaniards from Peru—prohibitions on colonial industries, prohibitions on trade with other nations, suppression of printing and education, long-distance government, the inquisition, and so forth. And Peru was also the last section of South America to be freed from Spanish rule. San Martin and O'Higgins worked in the south, liberating Argentina and Chile, and Bolivar in the north, freeing Venezuela and Colombia. There could be no permanent independence for these countries until Spanish

power in Peru was destroyed. So, in 1820, San Martin landed at Pisco, 122 miles south of Lima, proclaimed liberty, defeated a Spanish force near Cerro de Pasco, where the Yankees are mining copper today, and on July 28, 1821, proclaimed Peru's independence at Lima, the Spanish viceroy having abdicated and sailed off to Spain. Admiral Cochrane helped by defeating the Spaniards on the ocean.

San Martin became the protector of Peru, organized a government and a congress, got in touch with Bolivar, and then resigned and went home to Argentina. Peru gave him the title "Founder of Liberty" and a pension, but the latter was purely honorary. He never got it, and after freeing three countries—Argentina, Chile and Peru—died in poverty in 1850.

General Simon de Bolivar is South America's most widely known liberator so far as North America is concerned, and his name is most often coupled with that of Washington. He was a Venezuelan, of noble Spanish descent, believed to have had a tincture of Indian blood, born in Caracas in 1783, and baptized "Simon Jose Antonio de la Santisima Trinidad." A bright, willful little kid,

left an orphan, an eccentric philosopher named Simon Rodriguez taught him the love of liberty along with the three R's and the Spanish irregular verbs, and he also went to school to Andres Bello, afterward Chile's famous scholar. He ran wild and grew hard in the country, and at fourteen was a soldier. At sixteen he went to Spain, became a worshiper of Napoleon, had his love of liberty restimulated by Rodriguez and took an oath to liberate South America. Trouble had already started in Venezuela. Bolivar got into it in 1813, rose quickly to command of the patriot forces, became dictator of Venezuela, freed Colombia, and in 1823 arrived in Lima to finish San Martin's job. There was still a Spanish army in the interior. Bolivar defeated it at the battle of Junin, established Bolivia as a separate country, was made perpetual president of Peru, and in 1827 retired to Colombia.

One of Bolivar's comrades was Antonio Jose de Sucre, born in Venezuela but counted a Peruvian patriot because his military genius, even more than that of Bolivar himself, defeated the Spanish. Sucre was made first president of Bolivia, but soon retired to Colombia.

#### WARS WERE SAVAGE

THE next outstanding event in Peru's history was the war with Chile, Bolivia being Peru's ally. In savage fighting, this was a first-rate war. Chile had less population than the allies and a



HOTEL MAURY WITH ON LIMA'S PRINCIPAL STREET



weaker navy. But she was strong in preparation and fighting material, struck quick and hard and in the four years, from 1879 to 1883, destroyed Peru's navy, seized her ports, was prevented only by intervention from burning Lima and finally emerged with the nitrate provinces which had belonged to Peru and Bolivia. While the armies engaged were small, casualties were enormous both on land and sea. Peru has its naval hero in Admiral Grau, who was killed in battle some months after sinking the Chilean naval hero, Captain Arturo Prat. That war left one of the worst sore spots in South America, the Tacna question. The peace treaty gave the province of Tacna to Chile for ten years, when further possession was to be determined by a vote of the inhabitants. But no agreement has been reached as to who shall vote, or when, or how the ballots are to be cast. Nobody knows which way the vote might go, for many Chileans now live in that region and there are complexities of investments and property to be dealt with.

Since that war Peru has had several revolutions and coups d'etat, the worst of which occurred in 1893, with fighting in the streets of Lima, and the latest last Fourth of July, when President Pardo was displaced and exiled. These af-

airs now take place between warring political factions, without involving the people. There is a special apartment in the Lima penitentiary where presidents of Peru sometimes find themselves confined, perhaps with the cabinet, and on occasions a few guards have been hurt or killed in changing the administration by force. But human life is a good deal safer during a revolution in Lima than during a strike in New York, and politics do not interfere with the progress of the country.

The present president of Peru is Augusto B. Leguia. He held the office from 1908 to 1912. In 1909, however, the palace guards were attacked, the president seized and his resignation demanded at the point of a revolver. He refused

to sign and was rescued. In 1913 political opponents exiled him from the country. Five years later he returned, and last July seized President Jose Pardo, with several of his ministers, who were imprisoned. There was no bloodshed. Leguia was president-elect and would have taken office in another month. His action was taken in fear that a hostile congress might annul his election, and also because the administration had seized a newspaper favorable to him. Senor Leguia's record during his first administration was excellent. He carried out public works, settled boundary disputes, prevented hostilities between Peru and Chile and was thoroughly capable and progressive. He was a soldier in the war with Chile, and after that a business man, being at one time general manager

business had to be learned from the ground up.

For years the Wonalancet mill at Nashua, N. H., had been buying Peruvian cotton through an agent in Piura. Because it had characteristics like no other cotton in the world it had become indispensable in the company's product. There was reason to believe that the concern with which the mill had been doing business in Peru was German and that our entry into the war would prevent further dealings. So Harry H. Blunt, Wonalancet's executive, borrowed Fisk from the bank and sent him off to establish new connections. He is still in Peru and his experience shows the value of direct dealing in import as well as export matters.

The buying of Peruvian cotton had been in British and German hands. This particular variety brings prices 50 per cent higher than our own cotton on account of its peculiar quality. Profits tacked on by the buyers were not only outrageous, but additional profits were taken by intervening middlemen. Through direct purchases it has been possible not only to assure plentiful supplies from the cream of the crop, but to eliminate five different profits between the field and the mill. We take about 60 per cent of the whole crop of "rough



PERU'S WHITE HOUSE—THE GOVERNMENT PALACE

of the New York Life Insurance Co. in Peru, Ecuador and Chile, and then organized one of the largest sugar companies in the country, which he managed until made president.

#### ARTICLE LXXXV

#### DIRECT BUYING SAVED FIVE PROFITS FOR MILL

LIMA, Peru, Feb. 14.—Taken out of a Boston bank at five minutes' notice and hustled down to Peru to buy cotton for a New Hampshire mill—that was what happened to Clarence A. Fisk when we got into the war three years ago. He departed with a beautiful ignorance of cotton, Peru and cotton mills, but that was in his favor, because the

Peruvian"—4,000,000 to 5,000,000 pounds. England takes virtually all the rest. While the Germans were not active as exporters, they sent hardly 100,000 pounds to the fatherland. When you cut five profits out of a turnover like that, with the stuff running to sixty-five cents a pound, it mounts up into money.

#### OF ANCIENT VINTAGE

PERU grows several varieties of cotton, but Peruvian rough is the most famous. Our British cousins are always specific in speaking of the great American fiber, calling it "cotton wool." Peruvian rough is real cotton wool, because its fiber is kinky and wool-like, and spinners find it peculiarly suitable for flannels and mixed fabrics. It is the wool spinners'



cotton par excellence, and 20 per cent of it incorporated with wool gives a fabric of homogeneous character. It has a staple averaging one and three-eighths inches in length, a diameter about twice that of Texas cotton and a harsh quality like wool, and is seldom spun in the United States except as a mixture with wool, that being its best use. It is almost universally spun on woolen machinery.

This was the cotton of the Incas, native to the country. Other varieties now grown in Peru were introduced by the Spaniards. With millions of people to clothe and abundant labor for farming and irrigation works, the Inca crops must have been many times larger than Peru's whole output of cotton today. Fabrics made from this staple have been found in graves in the most remote parts of the old Inca empire, and after supplying their own need, the Incas undoubtedly sold cotton to neighboring peoples in the territory that is now Brazil, Chile and even Argentina. Far over on the Amazon, in old graves, have been found mummies wrapped in cloth made of this characteristic Peruvian cotton, quite different from the fine cottons native to Brazil, and beside them spindles and shuttles of stone, with which it was spun and woven.

True Peruvian rough comes from a limited area in the department of Piura, irrigated by the Chira and Piura rivers, and is shipped from the port Payta. When the plant is grown in other regions, its character changes to the inferior "semi-rough," which is a shorter staple and lacks the wiry harshness which makes the true rough Peruvian so suitable for mixed fabrics.

#### COTTON PROGRESSING

THE plant is remarkable, not a bush, but a tree. It will live and bear for more than twenty years, though the largest crops are obtained by replanting every six or seven years. Left to nature, it often attains a height of twenty-five feet, a diameter of thirty feet and two to three feet in trunk girth. It has a root system running out twenty to thirty feet to maturity and far down into the soil, so that it thrives a year or more without

water. Rain seldom falls in the region where it grows, but the rivers begin flowing when the snow melts on the Andes in February and moisture is provided for the year by irrigation. Heavy dews, almost equal to soft rains, also provide moisture. There are two crops yearly, in July and November, and although grown in a desert climate this variety is planted on rich soil, composed of silt washed down from the mountains. For that reason, and also because the plant is found growing wild east of the Andes, there is a fine prospect for increasing Peru's output in the rich lands of the montana country when railroads connect them with the world. The irrigated coast lands rich enough for growing rough Peruvian are limited to extent, the best amounting to only about 20,000

sugar and cotton come next, with cotton now slightly in the lead, and after that wool and hides. Only in Arizona and China has the rough Peruvian cotton been raised. The Arizona experiment is declared successful, with good fiber of the wool-like type, but insignificant production. The Chinese fiber, on the contrary, deteriorates to a short staple like the Peruvian "semi-rough."

But in the effort to increase her cotton crop Peru is doing an unwise thing.

#### INDIANS RETROGRESSIVE

VIRTUALLY the only labor available is that of the Cholo Indians, who make up the bulk of the population, and who live chiefly at high altitudes. Through generations these Indians have acquired great lung and heart capacity, to live in the rarefied air where the lungs

and heart of a person accustomed to sea level must do double work. When brought down into the cotton and sugar fields near the coast they quickly die of lung trouble.

Peru also has a virtual monopoly in another fiber—wool of fine quality from the alpaca and the vicuna. The alpaca is a relative of the llama, that curious compromise between camel and goat, but has a shorter neck and head. Its wool is more than eight inches long and fetches twice the price of sheep's wool. Peru sup-

plies three-quarters of the world's consumption. The vicuna is wild, living in herds high in the mountains, but has been crossed with the alpaca in the "paco-vicuna," which is domesticated. Vicuna wool is almost as fine as silk, and brings eight times as much as sheep's wool. Paco-vicuna wool is a new addition to the world's fine fibers, with the length of the alpaca and the silkiness of the vicuna.

The llama also yields wool, carries burdens, picks up his own living on the mountainside and can beat the camel when it comes to going without a drink. It is to the Cholo Indians what the mule is to a darky or the pig to an Irishman. Its dried dung supplies much of the fuel used in the mountains. It will carry a load of seventy-five to one hundred pounds, but file a protest if loaded beyond



THE BONES OF FRANCISCO PIZARRO, CONQUEROR OF PERU, MAY BE SEEN THROUGH A GLASS-PANED URN IN LIMA CATHEDRAL

acres. Nature made this belt ages ago by washing down two to sixty feet of loam, then planting it with trees that both gather nitrogen and yield enormous amounts of vegetable mold, and finally handed it over to the Incas, or probably the Great Chimu before them, that mysterious and more highly civilized race of unknown antiquity which the Incas conquered.

Peru is ambitious to increase her cotton output, not only of the rough variety, in which she has virtually a monopoly, but Egyptian and sea island, which are raised in other parts of the country. Once wealthy with her nitrate beds, which have gone to Chile since the war forty years ago, Peru earns her bread pretty much by the sweat of her brow. Metals make up her biggest export item, and



the standard it has set for itself. It is almost the fireside companion of the Cholo, and like himself an ingrained conservative.

One of the paradoxes of Peruvian railroading is that when the Cholo gets ready to sell his wool clip he loads it upon llamas and takes it to Arequipa. He may live 200 miles from that market and it will take him days to make the round trip. Every mile of the way probably lies right alongside a railroad. He could have shipped his wool by rail or got the same price for it at home, for the Arequipa buyers pay. But thus he did in the Inca's time, and thus he will do regardless of progress. Whether follow-

watches for an opportunity to buy dollars with his letter of credit, and in the absence of a stock market the speculator plays the peso, the pound and the dollar against each other for a profit.

In Lima the newspapers seldom publish exchange figures, and when they do, by an odd perversion, they are always wrong. For the banks have an agreement among themselves to keep the real rates in confidence, for their own advantage, and the newspaper rates are "doctored," and the real rate can be got only by shopping from bank to bank.

Perhaps you wonder why you should worry about this obscure, far-off subject

In its financial naivete New York was delighted. "The dollar is worth more than any other money," it said jubilantly. "We have the best money in the world!" But suddenly it became clear that, in buying our products, people in other countries had to buy our dear dollars with their depreciated money—which made it hard to sell. Hurriedly the Edge bill was passed by Congress, making it possible for private business interests to extend satisfactory credits to customers abroad.

Your goods have been going to Peru since 1916. You have a distributor there. The yearly aggregate is quite tidy and gives you no trouble or selling



MODERN LIMA MAKES UP FOR THE NARROW STREETS DESIGNED BY PIZARRO

ing the habit of generations or because he likes the excitement of going to town, the freight traffic solution of a Peruvian railroad has a tough prospect in the Cholo—some time during the next three or four centuries it may land his business!

#### ARTICLE LXXXVI

### EXCHANGE GAMBLING ARM OF BUSINESS IN PERU

**L**IMA, Peru, Feb. 16.—"What is exchange today?" This is the constant inquiry of all Latin America. The merchant hopes for a favorable rate when he has to take up his draft, the traveler

of exchange—you with your factory a thousand miles from tidewater.

But listen!

Suppose the exchange rate in Lima and other capitals suddenly canceled all your South American sales. That happened lately with a shipment to Peru of wire rope. Our price was lowest when it was bought, but a shift in the exchange made it cheaper in another country, and the order went there, while the American wire rope was rejected.

It begins with the British pound sterling. The peg which sustained its value during the war was pulled out. Sterling sagged toward \$4, then below it. The franc and mark likewise declined, while the dollar rose in value.

expense. World trade? By all means! An excellent thing for the country.

But today when your distributor in Lima takes 1000 libras of his good Peruvian money to the bank in paying for goods he can buy only \$4.75 with each libra, while British pounds cost him about \$3.75. Thus, while the actual price of British goods may be higher, his 1000 libras will buy more British money to pay for them. That is why your Lima distributor is turning to British and European goods, and many a war connection between American manufacturers and British houses in Latin America is being broken. And so foreign exchange becomes something more than an academic proposition in the corn belt.





**P**ERU is the first country in South America visited by the writer in which tariff duty is charged on typewriters taken in for personal use. The rate is twenty-six soles (\$13 United States currency) for each machine, and the money is not returned on leaving the country. The visitor, however, has the option of leaving his machine in the customs house, getting it back when he departs. Most Americans are disposed to argue the justice of this tariff with the customs inspectors. One Yankee debated it twenty minutes, but, of course, the inspector had not made the law and could not change it, and, in the end, he indignantly handed over his money because he needed his typewriter. Another Yankee then addressed the inspector with the courteous "Senor," opened up his typewriter, showed that the space bar was worn, and stated that it was second hand, value was \$60—120 Peruvian soles. The inspector exclaimed, "ah!" and took him to another official, who made a quick calculation and cut the duty down to fifteen soles—\$7.50 United States currency. Thus the duty amounted to no more than he would have had to pay for a rented machine, even could one have been secured. Latin-American tariff schedules are highly diversified. Nobody knows where they will hit his pocketbook next. Very often they seem unjust, but it does not pay to argue them. On the whole, they are as reasonable as our own and, so far as they touch the traveler, administered with more consideration and courtesy.

\* \* \*

**T**HERE is probably more coal in Peru than in any other South American country, yet the republic imports hundreds of thousands of tons yearly, and the domestic output is negligible. In normal times British coal was laid down in Lima for \$7 to \$8 a ton, and as most of the Peruvian deposits are at high altitudes and not connected with railroads, the country bought its fuel abroad. But today coal, when obtainable at all from England or the United States, costs \$40, to \$50 a ton in Peru, and this has led to interest in mining. One of the railroad companies being promoted has three deposits of good steam coal at low altitude and near the coast. Plans are being made to mine 300,000 tons yearly. Convenience to the coast, with moderate labor cost, will make it possible, it is figured, to deliver coal at tidewater for \$3 a ton and sell it for \$40. If the world shortage keeps prices up to that level for a few years, profits on this enterprise will run into tens of millions. Profits of that magnitude have actually been made by the Chilean mines. When coal was \$10 a ton in Peru a local company got some money together and drilled for coal in a coast section where there was reason

to believe it existed. At a depth of 300 feet a seven-foot vein of fine steam coal was cut. More money was put into the enterprise and a shaft started, but the work proved very costly, and the profit in sight then did not encourage the investors in going ahead. Today, however, this enterprise has been resumed—had it been carried out at the beginning, making coal available the last five years, profits would have been enormous. If Peru can become South America's coal dealer she may have a source of wealth comparable with the nitrate beds surrendered to Chile.

\* \* \*

**A**BOUT twenty-five years ago the Peruvian Congress passed a law requiring foreign insurance companies doing business in the country to deposit \$15,000 each with the government as a guarantee fund. The companies, chiefly British, regarded this as a "hold-up" and withdrew, believing that the Peruvians would change their law when they found themselves without fire, marine and other protection. But the Peruvians organized insurance companies of their own, wrote policies at lower premiums and discovered that there were profits of 25 to 50 per cent in the business. After a year all the foreign companies came back, depositing the required guarantee fund. Then a new law was passed requiring every foreign insurance company to have a capital of \$100,000, half to be invested in Peruvian land and half in Peruvian bonds, deposited as a guarantee. Again the foreign companies withdrew, and now insurance, apart from life, is a thriving business that Peruvians, mostly, handle themselves.

\* \* \*

**A** BUSHEL of American school catalogues wandered into the office of the United States trade commissioner in Lima. They came from all sorts of institutions that had either imagination in the faculty or experience with Latin-American students—universities, colleges, boarding schools. In a little while every catalogue was gone, snapped up and taken away by young Peruvians and their parents interested in sending Juan or Juanita to the states to study. Carlton Jackson, the trade commissioner, is



now seeking another and more representative supply. South America is ready for school advertising by American institutions and the forwarding of catalogues through some agency in each country as soon as somebody organizes such a service on lines followed by some of our own newspaper and magazine publishers.

\* \* \*

**W**HEN you pay your fare on a Lima street car the conductor gives you an apparently worthless slip of paper, resembling a transfer. Perhaps you throw it away. Within two or three minutes, however, an inspector will hop on to the car and go through it, asking for these slips, from which he tears a piece, and if yours is gone you must pay another fare. On some lines the street cars carry an inspector who is a fixture, like the conductor. This system of "fiscalizing" fare receipts is general in South America. Trolley managers there have apparently not heard about the study given to one-man street cars in the United States for the purpose of cutting operating costs, nor about fare registers and cash boxes. It is true that labor on the southern continent is cheaper than with us, so that three men manning a car might cost less than two in the United States. But the "fiscal" system does not look as though it really gave protection, and in the rehabilitation of Latin-American street railways that will undoubtedly take place in the next few years these devices might find a considerable market.

## ARTICLE LXXXVII

### PERU HAS AN EXHIBIT OF EXPORT CROOKEDNESS

**L**IMA, Peru, Feb. 18.—They spoke of the theatre seats with a certain glee, like boys, yet also tactfully, because they were Britons, and the listener a Yankee, and those seats were from Chicago. Among the export sights of Lima the seats should not be missed. To preserve the international relations, the Britons wound up by saying that the theatre proprietor's real preference had been for German seats, anyway, because the Germans had treated him so well in other matters before the war.

The listener went to see them at the Teatro Olimpo, which is a sight in itself, because the proprietor has virtually built a national opera house as a private enterprise during the war, putting a million dollars of his own money into it.

Senor M. M. Forero is a Lima attorney, with a son, who enlisted in our army during the war, studying scientific agriculture in the United States. His theatre has been under construction four years. It will open next July with opera—perhaps Caruso. He has built it partly out of catalogues. A French



architect's errors cost him \$50,000, whereupon he bought several thousand dollars' worth of books and plans, studied theatre construction himself and re-designed the building with a young Peruvian architect. Likewise he got hundreds of catalogues from the United States, and selected fittings and materials, chandeliers, drop-curtain apparatus, interior telephones, electric fixtures, things for safety like metal conduits for electrical wires, things of cleanliness and beauty like encaustic tile resembling alabaster and virtually unknown in the tile-loving southern countries which know only the product made by pouring common cement, colored different tints, into a patterned mold. With many of these products he fell in love at first sight, but not with the business methods of their makers.

#### EXHIBIT OF CROOKEDNESS

**O**UT of a catalogue he selected his seats. A Chicago company sent him a sample. It had a well-finished semi-steel frame, upholstered with leather and the monogram of the theatre upon its back. Chicago demanded that a credit be opened in that city and the seats paid for before shipment. He complied with these conditions and placed his order.

The seats arrived. The frames were cast iron, gaudily decorated with early North German Lloyd effects. More than 50 per cent of them were broken. There was no monogram on the back. They were upholstered in imitation leather, and that had been wrapped in newspapers which stuck to the fabric under the sweating climate of the tropics. They arrived two years ago, yet from that day to this, despite promises, he has been unable to get redress or replacement from the Chicago concern. Other shipments of material have arrived from the United States in bad condition, due to bad packing. Many of the beautiful tile were chipped, glassware broken, nails driven through silk curtains by shipping clerks, freight bills increased by the use of second-hand boxes twice as large as necessary.

For years we have heard the story of bad packing again and again. This is a story, not of bad packing, but downright crookedness. If you could inspect this miscellaneous stuff in Lima, see the damage, substitution and bad faith and talk with the man who had been robbed of his money, you would not be very proud of your country or your countrymen.

During the war a new industry sprang up in the United States—that of push-button exporting. Manufacturers hastily organized export departments which were topheavy on the selling side, but shy when it came to delivering the goods. Once the customer abroad had paid his

money they pushed a button and let George do the rest. Hundreds of mushroom export houses sprang up, sending out samples of merchandise, and when orders came from other countries the push button was likewise pressed and George left to do his worst.

For some reason the Peruvians seem to have been victimized more than anybody else in Latin America by these crooked concerns. There are probably less than a hundred Americans in Lima, and no chamber of commerce or business organization to arbitrate damage and dishonesty. We have a consul and a trade commissioner in Lima. Both have been kept busy with the troubles arising from American concerns that are crooked



"JOSELITO," PERU'S LEADING MATADOR

through and through, or while reputable at home are incompetent or dishonest outside the three-mile limit.

#### FRAUD IN SAMPLES

**A** NEW YORK jobbing house distributed samples of hosiery among the Lima importers. It is an old concern of good reputation. One sample of cotton socks at \$2 a dozen was excellent value. An American importer in Lima ordered 400 dozen pair. He received four jute bags filled with seconds and thirds of eighty-cent quality socks, many of which were worn and torn. Somebody had organized for world trade up to the point of landing the order and the

money and then pressed the button, and George had shipped an outrageous assortment of "jobs."

Another Lima importer ordered 10,000 pounds of zinc paint from the catalogue of a Boston mercantile concern. Catalogue and bill of lading both specified 80 per cent reduced white zinc in oil. The shipment was paid for and opened. It would not "paint," and seemed to be adulterated with sawdust. Chemical analysis showed less than 30 per cent zinc. Buz-z-zz! Boston had pressed the button when it got the order. Letters from the purchaser asking for recompense were answered only by "follow up" from the Boston concern urging him to buy more paint. These letters were breezy, optimistic and signed by the president of the company. The sales force of the organization was still working splendidly.

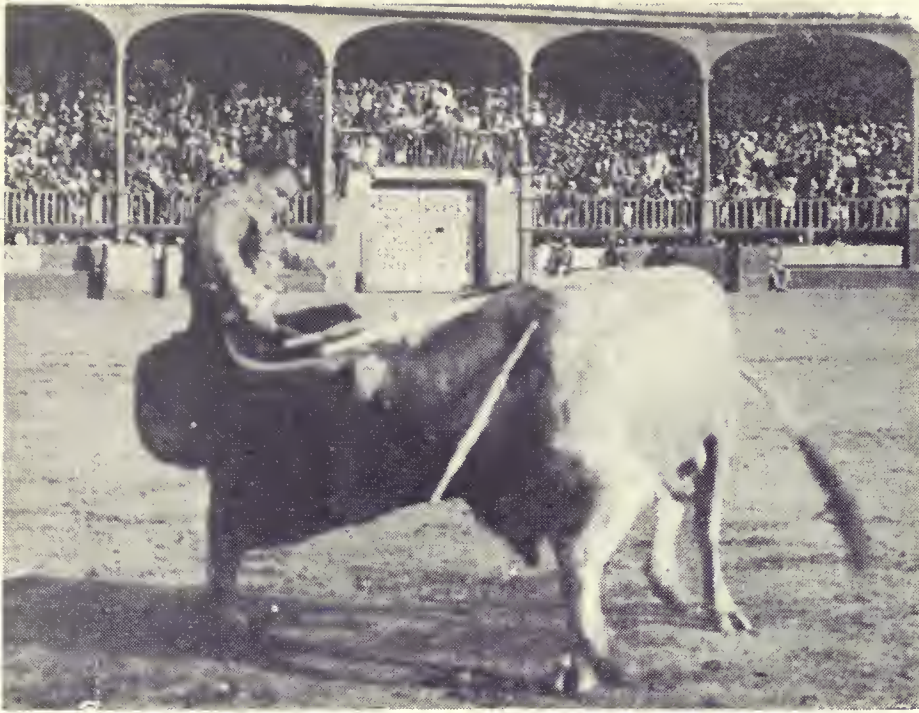
A Peruvian importer had a little better luck, because he bought 100 dozen men's felt hats from a New York export house to be paid for on arrival. When the United States trade commissioner was shown a sample of those hats he hustled down to Callao to examine the whole lot. They were moth-eaten, dirty, cut; a choice assortment of factory rejects or perhaps second-hand, and 20 per cent of them missing. Close inspection revealed a British hatmaker's mark. Fortunately, the Peruvian was able to reject that shipment.

Last winter American toy manufacturers undertook a campaign for world markets, and it was successful up to the push-button point. A small shop in Santiago, Chile, with a circus display of articulated animals and clowns made in "Filadelfia" had so great a crowd of children and grown-ups around it all day that the shopkeeper was compelled to place a guard over his plate glass. Down the street there were German, Japanese and British toys, but none with an audience like that. Latin America is a fine toy market, because it has two Christmas days. The second comes on January 6, the "Day of the Kings," when the Wise Men visited the Infant Saviour, bringing their gifts. Latin-American youngsters hang up their stockings again the evening of January 5 and the Wise Men fill them. Lima is called "The City of the Kings," because it was founded around that anniversary.

#### SUPERVISION NEEDED

**B**UT despite the success of our toys on their ingenuity and educational merits, Latin-American merchants declare that they will not buy them another year. The Germans are back with toy soldiers cunningly adapted to each country—some of them sold last winter were American soldiers killing Germans. The Japanese have their own stores in the southern countries, selling imitations of German





BULL FIGHTING, PERU'S NATIONAL SPORT

toys—tin horns that will not blow, rubber balls that do not bounce, squeaking animals that won't squawk. But shopkeepers prefer the German and Japanese toys, and the British wooden blocks and doll houses, because American mechanical toys, though more attractive, have mostly arrived broken as a consequence of bad packing.

There are many American concerns who land their products intact in other countries. The Lima theatre owner's experience has been that the bigger the concern the more satisfactory its shipments. When he dealt with a "trust" like our largest plumbing supply corporation there was little breakage or none at all. But untold damage has been done to our business prestige by mushroom exporting concerns in the United States and mushroom export departments set up in the war rush by manufacturers and wholesalers. Such stories as have been told in this article are being circulated by our business rivals in other countries. One type of Yankee resents them as "propaganda," but fortunately there is another type who sees that the place to deal with them is at home, by weeding out the incompetents and the crooks for the protection of our customers abroad as well as ourselves.

One plan has been suggested by Carlton Jackson, our energetic trade commissioner at Lima. That is to create either a "blacklist" of the tricky, careless and irresponsible concerns, or a "white list" of those who fill export orders faithfully, skillfully and promptly. Perhaps it might be compiled by our government, in which case it would have official status and "teeth." The Germans long ago learned that such supervision was neces-

sary, the British have virtually an official supervision through their board of trade, and the Japanese are coming to it. If a government list is not feasible, then action might be undertaken by some such organization as the Chamber of Commerce of the United States.

It is a poor industry that cannot clean up its own crooks. The time has come when information about the trustworthiness of American concerns is more necessary than credit reports on the other fellow who wants to buy our stuff. If we are to be made safe for the world to

trade with, we must disconnect the push buttons.

## ARTICLE LXXXVIII

## TRACTOR DESTINED TO INCREASE PERU'S WEALTH

LIMA, Peru, Feb. 20.—"Singer" was the word that stood for America all over the world a generation ago, lightening labor in remote lands and lowering the cost of living.

"Ford" is the characteristic word today, with the American car everywhere shortening distance and time. Of course, this does not imply that Singer sewing machines have passed, for their distribution in world markets is wider today than it ever was, but quieter because it has come to be a matter of course.

Peru would seem to be almost the last place in the world for automobiles, because it has few roads except around the cities, and tremendous mountain slopes and rocky fastnesses to make road-building difficult. The mule and the pack-train are the universal means of travel, and even in the cities, where old-fashioned cobblestone pavements prevail, the cumbersome two-wheeled cart is the chief vehicle for hauling goods, and the grocer, milkman and other merchants make their deliveries on horseback. Indeed, there was better communication in the days of the Incas. Inca roads have been a subject of dispute, some authorities picturing them as great wide stone-flagged highways comparable with the Roman roads, while others deny that they ever existed at all. American mining engineers familiar with the mountains assure one that there were really Inca roads, but that they were not wide



WHEN THE LAST BULL IS DOWN, LIMA CARRIES THE SUCCESSFUL MATADOR ON HER SHOULDERS



or paved, because required only for foot and llama travel, vehicles being unknown.

#### MORE THAN AN AGENT

**Y**ET in the last three years nearly 1000

Fords have been landed in Peru by the Lima agent, A. C. Shumway, and he is now preparing to import them in lots of several hundred at a time, knocked down, and assemble them on the continuous plan followed at the factory, which will undoubtedly be as interesting as a circus to the Peruvians.

out on a tour, alternately running along the beach and then taking to the railroad, Mr. Shumway made a trip south of Lima. People turned out to see him. As he came to a bad stretch of sand he would demonstrate what could be done in improvement of a road by strewing the sand with cotton stalks, or leaves, or any other convenient farm waste. Folks took to the idea immediately, and in a few weeks that stretch of sand would be passable for motors. In other places where sand was combined with a steep

two-wheeled carts were kept off—these vehicles weigh twice as much as the loads they carry, having wheels six and eight feet in diameter. Up on the plateaus, too, towns can often be connected by fairly level roads, and because the climate is dry, highways are more lasting than when subject to washing.

Traveling about, pointing out these possibilities, Mr. Shumway has not only interested the Peruvians in tackling practical improvements, but made such a name for himself that recently he was appointed a Lima alderman.



KIND OF COUNTRY AND TRAVEL THAT PERU WANTS TO DISPLACE WITH RAILROADS

Mr. Shumway is a missionary as well as an automobile man. Traveling over the country and seeing the pressing need for development on every hand, he has realized that Peru needs ideas, first of all, and enthusiasts to preach them, and so he has become an enthusiast himself.

The levellest territory in Peru is along the coast. By running along the sea beach you can sometimes motor from one town to another, but seldom to three towns. The beach disappears, or you are blocked by sand or hills. Starting

grade, the Peruvian landowners who wanted to go to town quickly by auto, instead of horse, would arrange to have a yoke of oxen handy to pull a car through.

In many parts of Peru roads are more easily built than is imagined. Under the sand, very often, at a depth of a foot or two, there may be hard material that merely needs uncovering. In the north there is crude oil which, worked up with the sand, would make satisfactory highways provided the heavy, destructive

#### AWAKENING OF LIMA

**I**T IS said, somewhat humorously, that the city of Lima has been run by the same officials Pizarro put into jobs when he founded it. Certainly the administration has become cumbersome, and the city is not administered as it should be. With an income of \$1,000,000 and a population of 40,000, it should have many public improvements, for that is a fair income for an American city of the same size and labor costs are lower in Lima. But the sewers are worn out, the





MOTOTRUCK, TROLLEY CAR, RAILROAD AND LIMOUSINE OF NEARLY ALL PERU IS MULE-POWER.

water pipes clogged and pavements primitive, the streets unsprinkled, and it is said that municipal bookkeeping is so bad that no balance had been struck for several years.

When President Leguia took office recently, the Lima city government came in for early attention. He has the appointment of city officials and is a business man and progressive. He believes that with a business administration and economical expenditure Lima can be made one of the most comfortable cities in South America. So one of his first steps was to shake up the "city hall" and appoint business men and engineers as "notables." Lima's equivalent to the American board of aldermen is its "Junta de Notables." British and Americans as well as Peruvians were selected for the new administration, as Peruvian law permits that. Mr. Shumway was one of those selected and also made inspector of public works.

Under a project of the Leguia government, now before Congress, thirty-one Peruvian cities and towns, ranging from Lima down to places of 2000, are to be paved, provided with water works and sewers and given garbage service, the money to be raised by bonds and a 10 per cent increase in tariff duties. These improvements would not only better the health of a large population, but encourage road building and the use of motors for travel and hauling. Thus all the enthusiastic work of the automobile man on behalf of good roads, better pavements and other improvements is really the broadest way to build up a motor market.

Another form of missionary work has been that for the Fordson farm tractor, of which more than 400 have been sold in Peru the last year.

### FIELD FOR TRACTORS

**R**ECORD cotton and sugar prices have put a lot of money into Peruvian pockets the last two years. The coast lands where these staples are raised can be plowed with tractors, because level, and with fairly large fields. Farm labor is scarce, and a tractor can do as much work as twelve or fourteen men with twice that many oxen. On the other hand, the fields are often stony, with irrigation ditches to be negotiated, and the Peruvian Cholo, or Indian farm laborer, has a reputation for stupidity, especially in matters of machinery.

Along with the first shipment of tractors came a movie film showing them in operation. The best theatre in Lima was hired and a show put on with music, three days' advertising and special invitations to landowners. The crowd was large and much interested. Sales were made, among other customers being Pres-

ident-elect Leguia, of Peru, who is a big sugar planter. With each machine delivered went an instructor, who stayed on the job one or two weeks, teaching Mr. Cholo to drive the gasoline farm horse. Mr. Cholo demonstrated that somebody had made a mistake about his intelligence, for he took to the tractor at once and ran it carefully and intelligently, and there has not been as much difficulty on that score as with the price of gasoline, which is three times American prices.

Light showers thirty or forty years apart is the coast weather in Peru. So all crops must be raised under irrigation. Here is where ideas come in handy, too.

In the days of the Incas much more coast land was irrigated, because Peru had four or five times the population to food and clothe. But the Spaniards enslaved the Indians after their conquest, diverted them to mining, many of the coast lands were deserted and the population decreased. The Inca irrigation works fell into decay, and in many places disappeared. In other places they may still be seen, far up the mountain sides, works that Mr. Shumway estimates must have taken thousands of Indians many years to build, but today quite dry.

Recently a landowner, with holdings in such a dry district, set an engineer exploring the old Inca irrigation system. Following it up, and clearing it out, water was brought on to several thousand acres of idle land, producing sugar. The design and construction of the old Inca system would have been creditable to present-day engineers. There is said to be a large acreage of coast lands which can be brought under irrigation by individual repair of these old systems. In other sections large irrigation schemes are required to divert river water to great areas. The present Peruvian Government has comprehensive plans for such



AT THE BEGINNING OF RAILROAD WORK FOR THE TRAFFIC MAN





LLAMAS, THE CHIEF CARRYING POWER OF PERU'S MOUNTAIN DISTRICT. SHOWN HERE BEARING VANADIUM ORE ON THE WAY TO PENNSYLVANIA'S STEEL WORKS

irrigation, and thus the country promises to be a fine market for farm tractors.

#### ARTICLE LXXXIX

### TEACHING WITH SELLING LATIN AMERICA'S NEED

**L**IMA, Peru, Feb. 22.—A ten-cent jitney was speeding for the ferry. Built for five passengers, it carried ten, with baggage tied onto the footboards and even piled on the hood. Every two minutes the driver stopped to pump up a leaky front tire—it was not punctured, but simply let the air out slowly, and he pumped patiently as though that was the normal behavior of auto tires.

There was only one Yankee passenger, the rest being Latin Americans. He stepped down to have a look.

"Ye gods!" he whistled.

For the leaky tire was half an inch too large for the wheel. Its head would not go into the rim. Only by pumping it up every two minutes was it kept on the wheel at all. They were running at least twenty-five miles an hour in their hurry. Had it collapsed, there would have been Latin Americans and baggage

strewn all over the beautiful tropical landscape.

But they reached the ferry safely, and later the Yankee was told by a friend with longer experience in southern countries that Latin Americans have a way of just tying things together with string or sticking them together with stickum, and wonderful luck in having them hold. Maybe there is a particular saint in the calendar who specializes in this form of protection.

In Latin America nothing strikes the Yankees so quickly as the general lack of mechanical sense. There is an old engineering saying, "When you sell a machine to a Latin American, in three months one of two things has happened—the Latin American has broken the machine or the machine has killed the Latin American."

#### NATIVES APT MECHANICS

**I**F ONE of our machines breaks down, we fix it or send for the repair man. But the Latin American decorates it with a sign, "No Funciona," and goes away and leaves it. All over the southern continent one sees this sign. "No Funciona" is a far better alibi than "manana." A

further touch of artlessness is added when the sign of a broken-down lift reads "Malo," which means "bad."

Even when machinery runs, it is usually on three legs. Automobiles thump and wheeze, their wheels wobble, and they just barely get over moderate hills, though they may be high-powered American cars capable of eating up mountains. Typewriters and adding machines soon become so temperamental that they can be operated only by the person who has seen all their idiosyncrasies develop. From railroad locomotives right down to push buttons and locks mechanical apparatus goes crazy in Latin America, and people humor it patiently in the belief that it is incurable.

Many Americans jump to the conclusion that the people of the southern continent are naturally nonmechanical—that it is useless to expect them to understand machinery. But that is a mistake. The Latin American is decidedly clever at the handicrafts he follows, doing superior work in wood, brick, stone, plaster, leather and other materials. He happens to be nonmechanical today largely because he has enjoyed few contacts with machine civilization. He





PERUVIAN BRIDGE OF TYPE BUILT BY THE INCAS

makes an apt pupil, and tomorrow, with better opportunities, may easily set us a pace.

In selling to Latin America we have in this matter both an opportunity and a duty. Too often we have sent the salesman where the demonstrator and the service man were really needed.

American elevators were installed in a new hotel on the southern continent. Then the building stood idle five years waiting for a lessee. When it was finally opened the elevators were out of commission half the time, and the "No Functiona" sign became almost part of the equipment. The management could not see why machinery should deteriorate when it wasn't being used at all. Those elevators were sold through a big importing house which is the only representative of the American manufacturers in that country, and representation has never extended to the manufacturers' mechanical department. Along with our elevators, Latin America ought to have our upkeep and mechanical training, of course, and it also needs our elevator insurance and inspection, something that seems to be entirely unknown.

#### U. S. SYSTEM UNFINISHED

**A**UTOMOBILE tires are another illustration. Practically all of them have come from the United States since the war. Nothing gives better value for intelligent upkeep than an automobile tire. But not one tire in twenty throughout Latin America is given the simple upkeep of proper inflation. Forty to fifty pounds pressure is common on big tires that need eighty, and mileage is burned up uselessly. Our tire manufacturers have established their own sales branches in many places, but there is a job of education as well as selling ahead of them. If they will understand that Latin America needs teaching, and is also teachable, mileage and service can undoubtedly be made the basis for holding much of the tire business that we came into so suddenly when European products were cut off.

Latin America is not only teachable in mechanical matters, but has a new determination to learn. Everywhere one finds the desire for industries and the substitution of machinery and large-scale production for the primitive agriculture of the southern countries. Today the lusty peasant and Indian whack the soil

with ponderous hoes and cultivate crops with the machete. Tomorrow they will be using tractors and gang plows. Shortage of labor and area of country make modern methods necessary, for Latin-American conditions are much like our own.

Intent mostly on selling, and often through agents who are chiefly traders, our farm implement manufacturers have failed to study agricultural conditions in the different countries and adapt equipment to their special requirements.

In Peru, for example, cotton is not planted each season, as with us, but left standing in the fields, bearing for six or seven years. The rows are widely spaced; 1.3 meters, or more than four feet. The cotton belt now under cultivation is an irrigated land. It needs vigorous cultivation because the surface hardens. No cultivator designed to work two rows at once, with either horse or tractor, and high enough to clear the plants, has yet been placed on the market. American manufacturers simply offer the Peruvian planter implements designed for our own farming conditions. Such a cultivator would also be useful for sugar cane, another big crop in Peru.



Many other American products require similar adaptation to Latin-American conditions and a certain amount of "foolproofing."

We build apparatus for speed and output, operate it with constant upkeep, and send it to the scrap heap when something faster or cheaper is invented, with spare parts and repair men around the corner.

#### POETRY BEING DISCARDED

EUROPE has had a different philosophy—to make apparatus extremely durable and run it until it wears out, which may be years hence. An old ma-

many Americans abroad often prefer it to our own.

A practical method of teaching, available to many American concerns whose goods have secured a wide distribution in Latin America during the war, is through the printed word.

It is interesting to inspect our merchandise and apparatus on the southern continent and see what literature the manufacturers have sent out with it and what they have to say for themselves. Many products are now specially packed, with Spanish or Portuguese labels, circu-

An American on the rainless coast of Peru had been presented with a cane umbrella by his office staff before departure. He carried it about by way of appreciation. One day in the Plaza a Peruvian respectfully asked what this contrivance was—the Latin American expects ingenious things of Yankees. When shown how it works, and lifting it, the fascinated caballero held it over his head, walking up and down. Then saying, "Pardon, Senor—a momentito," he disappeared, to return a few minutes later with a dozen friends, who marveled



THE PERUVIAN COAST WHERE SHOWERS FALL THIRTY YEARS APART, BUT FOGS RIVAL LONDON'S WORST WINTER ONES

chine, like an old employe, will be retained in a British or European plant and valued on its years of good service.

Now, in a Latin-American country, where good repair men are not plentiful and spare parts are from six weeks to six months away, the sturdy apparatus is usually best. The British learned this long ago and built exceptional strength and ruggedness into their export apparatus, where we specialize in ingenuity and adaptability. So their stuff stands up under work, and even abuse, and

lars, directions, supplementary information about other articles. Others, send out the standard pack distributed at home, with abundant talk about the quality in—pure American! Some manufacturers have visualized the possibilities to the extent of fitting apparatus with name and direction plates in the other fellow's language, but all through the southern countries one sees directions to "Pull," "Turn," "Oil here" and the like, and on British apparatus as well as our own.

at the novelty. Finally the Peruvian offered the Yankee \$25 for this remarkable contrivance, so he could take it up into the country.

When things refuse to function in Latin America it is for lack of mechanical knowledge rather than any lack of intelligence or interest in mechanical things. The Latin-American cousin, by degrees, is dropping poetry to take up engineering and turning from Europe to us for practical things. So we have a job of teaching as well as selling.









# *The World's Greatest News Service*

*Is in the*

**PHILADELPHIA**

# **PUBLIC LEDGER**

**T**HE PUBLIC LEDGER has established a news-gathering organization that exceeds even its own past records—an international news-service that will be all-American in viewpoint, personnel and enterprise—and one controlled exclusively by the PUBLIC LEDGER.

¶ This great organization is now completed.

¶ It is international in scope—equipped to gather all news of interest to American readers and flash it to Philadelphia from every civilized country in the world.

¶ Central offices in Europe are at London, Paris and Berlin. Correspondents report to these headquarters from all other important centers.

¶ Carl W. Ackerman, in London, is Editor-in-Chief of the European division.

¶ Wythe Williams, a native Pennsylvanian, is in charge of the Paris Bureau.

**S**EYMOUR BEACH CONGER, for sixteen years foreign correspondent of the Associated Press in Russia, London, Paris, Scandinavia and Germany, is director of the Bureau in Berlin.

¶ Sir George Paish, for many years editor of "The Statist," and one of the greatest financial authorities of the world, cables a weekly review of the world's financial conditions.

¶ The Far East is covered by correspondents in Peking, Vladivostok, Shanghai, Seoul, Yokohama, Manila, Osaka, Harbin, Hong Kong and other centers. Mr. B. W. Fleisher, publisher of the "Japan Advertiser," in Tokio, and a native of Philadelphia, is in charge.

¶ This great organization, covering Europe and Asia, added to that long established to cover North and South America, makes the PUBLIC LEDGER more than ever

*The Newspaper With the World's  
Greatest News Service*







14 DAY USE  
RETURN TO DESK FROM WHICH BORROWED  
**LOAN DEPT.**

This book is due on the last date stamped below, or  
on the date to which renewed.

Renewed books are subject to immediate recall.

14 Dec '56	
	MAR 24 1992
	CHEN JIAHONG
REC'D LD	
NOV 30 1956	OCT 08 1996
15 Feb '61 LU	REC. MOFFITT EP 13 '96
REC'D LD	
FEB 7 1961	
AUG 25 1972 30	
REC'D LD	AUG 18 '72 -3 PM 7 3

LD 21-100m-6,'56  
(B9311s10)476

General Library  
University of California  
Berkeley



U.C. BERKELEY LIBRARIES



C024281202

YE 03076

M329854



